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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1987

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

NINETY-NINTH CONGRESS

SECOND SESSION

ON

S. 2827

A BILL MAKING APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1987, AND FOR OTHER PURPOSES

PART 4—(Pages 1-343)

DEPARTMENT OF DEFENSE
Secretary of Defense
NONDEPARTMENTAL WITNESSES

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1987

TUESDAY, APRIL 29, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senator Stevens.

NONDEPARTMENTAL WITNESSES

OPENING STATEMENT OF SENATOR STEVENS

Senator STEVENS. Good morning. We are sorry for the delay. We had a special subcommittee meeting prior to this hearing.

This hearing is to receive testimony from nongovernmental witnesses on the fiscal year 1987 budget request for the Department of Defense. This is the first of 2 days for these witnesses to testify.

We ask that each witness restrict their statement to not more than 15 minutes. We will be glad to have it shorter if you desire to do so.

Most of the statements I have seen. We will print them in the record in full as though read, in any event.

PREPARED STATEMENT OF SENATOR D'AMATO

Senator D'Amato was unable to be here this morning and has asked that his remarks be included in the record. They will be inserted at this point.

[The statement follows:]

PREPARED STATEMENT OF HON. ALFONSE D'AMATO

U.S. SENATOR FROM NEW YORK

Mr. Chairman, thank you for holding this hearing today to allow nongovernmental witnesses to come before this committee to discuss various matters of importance to the defense appropriations process.

I look forward to the testimony of Capt. Pat Lucci, president of the Naval Reserve Association; Mr. Henry Walther, president of the U.S. Defense Committee; Mr. James Pierce, president of the National Federation of Federal Employees; Dr. Aaron Satloff of the American Psychiatric Association; Dr. Arvid Larsen, chairman of the Institute of Electrical and Electronics Engineers; Mr. Joseph Missler of The American Legion; and Fr. T. Byron Collins of Georgetown University. I want to thank you all for coming before our committee today.

It is important for Congress to have the information and recommendations that groups, such as the ones appearing before us today, are able to provide. We must remember that the actions taken by the Pentagon and this committee affect more than just our defense posture. With a $300 billion defense budget, decisions on defense spending and policies can have a tremendous impact on several different fronts, including the economic prosperity of whole industries and numerous local communities.

Mr. Chairman, with the possibility of drastic cuts in our defense spending, the assistance from groups and organizations concerned with our national security will become increasingly important.

Thank you, Mr. Chairman.

Naval Reserve Association

STATEMENT OF CAPT. CHARLES A. BUESENER, U.S. NAVY (RETIRED), DIRECTOR OF LEGISLATIVE AFFAIRS, NAVAL RESERVE ASSOCIATION

SHORTFALL IN RESERVE ASSOCIATION NEEDS

Senator Stevens. The testimony this morning begins with Captain Charles A. Buesener, Director of Legislation of the Naval Reserve Association.

Captain Buesener. Thank you, Mr. Chairman.

I would ask that our printed statement be made a part of the record of this proceeding.

Senator Stevens. Yes, sir; it is nice to see you.

Captain Buesener. By way of introduction, I must apologize for Captain Lucci not being here. His father is gravely ill. At the last moment he was unable to appear.

I am director of legislative affairs for the Naval Reserve Association, retired Navy captain, AEA 30 years. My last 2 years were spent as commanding officer, Naval Air Station, Willow Grove, largest Naval Reserve station in the system.

My statement will be a summary and brief in the sense that we recognize the pressures put on the Congress as well as the Nation under Gramm-Rudman-Hollings. Our message this year is quite simple as contrasted, perhaps, to last year when we felt compelled to point out issues that we needed your direct support to alleviate equipage and capability shortfalls in the Naval Reserve system. This year our message is twofold.

No. 1, we would like to point out for your consideration that although much has been done to modernize the Reserve force in terms of modern equipage and capability, we are essentially about halfway there. We still have serious shortfalls.

However, under the current plan, those shortfalls will largely be alleviated provided the procurement and funding levels are sustained.

ASW FORCE LEVELS

Particularly of interest to us is our ASW force levels. Perhaps the most capable segment of the Reserves, this ASW force level comprises of long-range BP aircraft, rotary wing helicopter aircraft, and that segment that contributes on a daily basis to the operational requirement of this country is the segment of our program furthest behind the modernization curve and most needed for continued support upon the Hill as well as in the Department of the Navy.

P-3 CHARLIE UPDATE

The restoration of last year's P–3 Charlie update three buy was absolutely of prime importance to the continuation of this effort. As you know, we are essentially a bottom fed system. The new equipment goes to the Navy on the active flow side and the old equipment flows out at the top of the pipe and is consigned to the Reserve forces.

The VP Navy in the Reserve basically is 13 squadrons. All those squadrons are currently equipped with airplanes 18 to 26 years old. Between now and the mid-1990's, five squardons, or 45 to 50 airplanes, will reach the end of their service life and must be retired.

Concomitant with this bow wave, I would like to call it, disaster is the fact in the interim for these older aircraft, the sensors inside those airplanes that are designed to find Russian submarines are essentially the same age as the airframes with some modest updates occurring through the life of the weapon system.

It is essential that we take a sensible approach to solving this massive problem. The Naval Reserve Association rcommended last year, and continues to recommend, that we view the problem and the solution to the problem in a twofold way.

No. 1, continue the procurement of new replacement aircraft at a modest rate.

And, No. 2, consider and fund sensor updates and equipage updates for the older sensors in our airplanes so that they are at a modest cost, able to keep abreast of the threat that the Soviets keep confronting us with, with more modern and quieter and deeper submarines.

HELICOPTER NEEDS

The second segment of our ASW force levels are the helicopters that are associated with our vast frigate force. Currently we have continued procurement of the LAMPS I helicopter system which is essential for our frigate surface Navy force. They are, in a sense, the eyes of the boxer.

Right now we have in the pipe, or on hand, enough helos, including this year's appropriation request, to provide a single helo for our frigate 7's and our 1052's. The design feature of the frigate 7 is such that two helos per deck is required.

We feel this is the most cost-effective way of maximizing the capability of that weapon system in the sense that when you look at the numbers for the 3-percent increase in your capital investment in the weapon system by purchasing the second helicopter for that deck, and I might add, as an aside, this weapon system originally was designed to show on the basis of a single ship, and two helos, you get a two- or three-fold increase in detection probabilities when you are out over a Russian submarine.

One of the problems we found in terms of dealing with the ASW issue, particularly in the Pentagon, not to put my brethren down, but they tend to have a sprint mentality, the 100-yard dash people.

Unfortunately, ASW is a marathon-type operation. So, endurance is the key. You have to be there constantly. That is why the redundancy, if you will, of the second helo on the frigate system is so essential to the successful prosecution of that mission assignment.

PERSONNEL

Third, I would like to say that in the era of Gramm-Rudman and looking forward to the future, the quality of the people in the Naval Reserve, the capital investment we have already in those people in terms of 10 to 15 years' experience, the massive training costs that have already gone into their learning curve and their capability, the maintenance of that force is probably the best buy we can look for.

We are in a position now where we recognize that maintaining our force levels is going to be very difficult in the next 5 years.

So, our thrust also is to seek your support for those people programs that would increase recruiting, but perhaps more importantly from my standpoint, more as an operator, the retention of the people that we already have 5,000 hours' experience in, that we have already sent to five or six schools, that we have already onboard that can go out and function in an extremely hostile environment and a very sophisticated environment where crew coordination is essential.

The loss of one of these people is very difficult to replace. We cannot go to the open marketplace and get a lateral accession. We have to build and grow our own. So, these people are worth literally, in our view, their weight in gold.

ENLISTED PERSONNEL

I am not talking particularly about naval aviators, although I am one. The key element and essential part of this is the enlisted people, our enlisted air crew and our enlisted maintenance technicians.

As the marketplace gets more and more competitive for their skills, it is essential that we are able to get these people to commit themselves to the Reserve forces.

VALUE OF RESERVE FORCES

One of the things that is largely overloaded by those not too knowledgeable is the tendency to look at the Reserve Force as something we will get when we need them, something we can mobilize and do the work with. I find fault with that connotation in the sense that it implies that we are not getting any return for our tax dollar today.

If I could, I would like to point out very explicitly that we are getting a massive return for our tax dollar today. The land-based ASW forces of the Reserve Force provided over 45 weeks of operational commitment in peacetime last year alone to reach our national objectives. This is a return today.

As commanding officer of the Naval Air Station at Willow Grove with two of these squadrons aboard most of the time, two or three of my aircraft were gone, not locally, as some perceptions of the Reserve program used to be, but deployed to Iceland, deployed to Alaska, deployed to Guam, deployed to Sigonela, out there over the Russian submarine, doing the job that normally is done by the Active Force levels, but because they can do it, our Active Force levels can be smaller.

That is an outstanding payback for the taxpayer in this country and I would urge continued support for the modernization so that we can continue to do the job that we have in the past.

With that, I will close and I will answer any questions you might want to pose.

Senator STEVENS. I do not have any questions. You make very fine points.

We will take each of the suggestions you have set forth into consideration.

Captain BUESENER. Thank you very much, Mr. Chairman.

[The statement of Captain Lucci follows:]

STATEMENT BY
CAPTAIN PAT R. LUCCI
U.S. NAVAL RESERVE (RETIRED)
NATIONAL PRESIDENT
OF THE
NAVAL RESERVE ASSOCIATION

Mr. Chairman, Committee members, the Naval Reserve Association appreciates the opportunity to present our views to the Committee for your consideration.

The Naval Reserve Association will continue to support the on-going modernization of the Naval Reserve in the FY-87 budget cycle.

The impact of Gramm-Rudman-Hollings on the Reserve modernization program is uncertain in regard to the FY-87 budget process. However, several issues of concern are beginning to emerge as FY-86 sequestration procedures have levied an approximate 5% cut in FY-86 funding levels. This equates, for example, to a loss of $43.9M from the Operations and Maintenance Naval Reserve (O&MNR) funding level approved in December of last year. The timing of this cut late in the fiscal year results in almost a 10% cut in programs over the remaining months in FY-86.

The Naval Reserve Association is concerned about the impact of the "fair share" approach of Gramm-Rudman-Hollings on Reserve Force modernization, READINESS AND SAFETY. AT FIRST GLANCE, THIS APPROACH IS APPEALING; ALL PROGRAMS SUFFER THE SAME AND ALL ARGUMENTS FOR MODIFICATION AND RELIEF CAN BE SIMPLY DISMISSED BASED ON THE LOGIC OF FAIRNESS AND EQUITY.

THE FALLACY IN THIS AUTOMATIC APPROACH IS THAT IT FAILS TO RECOGNIZE HOW LITTLE ABOVE MINIMUM SUSTAINING LEVEL IS THE STARTING POINT FOR AUTOMATIC SEQUESTRATION.

CONSEQUENTLY, RESERVE FUNDING PROGRAMS, BOTH OPERATION AND MAINTENANCE AND, IN SOME CASES, PROCUREMENT, ARE MAINTAINED SO CLOSE TO MINIMUM SUSTAINING LEVELS THAT JUST ONE OR TWO AUTOMATIC SEQUESTRATIONS CAN HAVE CATASTROPHIC RESULTS.

FOR EXAMPLE, THE O&MNR FUNDING ACCOUNT SUPPORTS RESERVE FLIGHT HOUR PROGRAM AND EQUATES TO 120-150 HOURS PER YEAR PER PILOT. WHILE THIS LEVEL OF FLIGHT ACTIVITY PRODUCES 87% PRIMARY MISSION READINESS, IT IS JUST MARGINALLY ABOVE THAT WHICH IS MINIMUM TO ACHIEVE FLIGHT SAFETY STANDARDS. THUS, A "FAIR SHARE" LOSS OF FUNDING VERY QUICKLY GETS RESERVE AVIATION INTO THE MARGINALLY SAFE AREA. IT MUST BE RECOGNIZED THAT ALTHOUGH A 20% REDUCTION IN FLIGHT HOURS (QUITE POSSIBLE UNDER GRAMM-RUDMAN-HOLLINGS) WILL IMPACT ACTIVE NAVY OPERATIONAL COMMITMENTS, THIS SAME 20% REDUCTION WILL PLACE RESERVE AVIATION IN CLOSE PROXIMITY TO INCREASED AIRCRAFT ACCIDENT RATES.

LIKEWISE, PROCUREMENT INITIATIVES FOR RESERVE PROGRAM MODERNIZATION ARE IN SIMILAR JEOPARDY. THEY TEND TO BE SMALL IN TERMS OF ANNUAL PRODUCTION RATES AND, THUS, ARE MUCH MORE VULNERABLE TO TOTAL TERMINATION BY PRODUCTION LINE SHUT DOWN ONCE, AS A RESULT OF CUMULATIVE SEQUESTRATIONS, THE MINIMUM ANNUAL PRODUCTION RATE IS NOT SUSTAINED.

THE RESERVE FORCES CONTINUE TO BE THE BEST BUY FOR THE BUCK. THEIR INHERENT LOW COST IS REFLECTED IN A FUNDING PROFILE JUST BARELY ABOVE THE MINIMUM SUSTAINING LEVEL. THIS FACT MAKES THEIR PROGRAMS, THEIR MODERNIZATION AND, IN SOME CASES, THEIR SAFETY EXTREMELY VULNERABLE TO GRAMM-RUDMAN-HOLLINGS AUTOMATIC SEQUESTRATION REDUCTIONS.

IF THE GAINS IN RESERVE FORCE MODERNIZATION AND CAPABILITY ACHIEVED OVER THE PAST FIVE (5) YEARS IS NOT TO BE WASTED, THESE PROGRAMS WILL HAVE TO BE MANAGED INDIVIDUALLY BY CONGRESS AND THE DEPARTMENT OF DEFENSE (DOD) AND NOT BLINDLY SACRIFICED TO THE AUTOMATIC PROCESSES OF GRAMM-RUDMAN-HOLLINGS.

The Naval Reserve Association has advocated the cost effectiveness of a well equipped and properly manned Naval Reserve.

This message is even more important today as the Gramm-Rudman-Hollings balanced budget amendment goes into effect. We recognize that in truth, FY-87 will be the easiest year of Gramm-Rudman-Hollings, but we also believe continued modernization and growth of the Reserve component must be sustained if this nation's military capability is to be maintained.

Secretary of the Navy John Lehman, in his Fiscal Year 1987 Posture Statement, reaffirmed his earlier commitment to Reserve force structure and modernization when he stated:

> "Five years ago the Department of the Navy undertook a major reorganization of Reserve components to move from a vertical to a horizontal relationship with the active forces. Essentially, that means that the Reserves must provide immediate augmentation to the active force in time of emergency across the entire spectrum of warfare. It means also that, in peacetime, we rely on selected reserves to provide real-time fleet support across their mission areas. To execute this common-sense policy, the Reserves must have equipment compatible with the active forces. For instance, instead of providing the Reserves only such equipment as becomes obsolete and is removed from the active force, there must be a spectrum of new and old equipment reflected in the Reserves parallel to and in the same proportion as that in the active force. We have taken fundamental steps to bring this about:
>
> "- Eleven modern OLIVER HAZARD PERRY and KNOX-Class frigates have been transferred to the Naval Reserve Force, with a total program of twenty-six frigates planned by 1990.
>
> "- The first Reserve squadron has now transitioned to the F/A-18 and two other squadrons to the F-14A.
>
> "- Modern A-7E, E-2C, and SH-2F aircraft have or are being transferred or acquired for Reserve units this year, with other fleet aircraft to follow during the current five-year plan.
>
> "- Squadron augmentation flying units have been established and have been operating successfully with each active duty airwing, providing current-trained aviators and maintenance personnel for immediate augmentation to active duty squadrons.
>
> "The Naval Reserve contains several components which exist only in the Reserves: 100 percent of the Navy's U.S.-based logistics support squadrons; 100 percent of light-attack helicopter squadrons; 100 percent of our combat helicopter search and rescue capability; 100 percent of naval mobile inshore/undersea warfare units -- the 'Brown-Water Navy' -- structured for combat on inland waterways. Upon mobilization, the Reserves provide 99 percent of naval control of shipping organization manning for merchant ship mobilization and convoy formation for overseas operations; 86 percent of our ocean going minesweepers; 86 percent of the cargo-handling battalions vital to port management and loading operations in combat theaters; 85 percent of Military Sealift Command military personnel; 68 percent of Naval Mobile Construction Battalions, the famed Seabees; 66 percent of Special Boat Forces; 35 percent of maritime anti-submarine warfare patrol aircraft squadrons; 34 percent of naval intelligence personnel; 21 percent of ASW helicopter squadrons needed for fleet and convoy anti-submarine defense efforts; and 14 percent of our tactical sea-based aviation capabilities."

Stressing that the Naval Reserve capability is not only a "post mobilization" gain capability, Secretary Lehman goes on to state:

> "It is not often realized how fully integrated our Navy and Marine Corps Reserves are becoming in our active force structure and peacetime operations. Naval Reserve C-9 transport aircraft made many trips in support of our Marines ashore in Beirut during 1983 and 1984, and provided direct support to our operations in Grenada during the same period. The Ready Reserve provided 349 volunteers for three-week tours of duty aboard the battleship NEW JERSEY during its 11-month 1984 deployment, enabling most of the crew to rotate home for leave. And for the last two years aviation squadrons aboard deployed carriers have been augmented by reservists from squadron augment units (SAUs) on voluntary temporary active duty."

Admiral James D. Watkins, Chief of Naval Operations, voiced his continued strong support of the Naval Reserve and the Department of the Navy's horizontal integration policy when he stated in his Fiscal Year 1987 Posture Statement:

> "The Navy's total manpower needs result directly from requirements of the maritime strategy. However, the size and composition of the active Navy are constrained by affordability and attainability limits, requiring intelligent use of our Reserves. We have moved forward aggressively to integrate and maximize Reserve contributions while ensuring that no missions are transferred to the Reserves which either result in a net degradation of readiness, cannot be supported by available Reserve manpower, or are costlier than leaving them with the active forces.
>
> "The focus of this process is 'horizontal integration'. Front-line ships and aircraft now compose a high percentage of the Reserve inventory, including increasing numbers of Reserve OLIVER HAZARD PERRY and KNOX class frigates. Both Reserve carrier air wings already fly or are programmed to receive fleet compatible state-or-the-art fighter, attack, and surveillance aircraft. Additionally, we have programmed new medium attack A-6E and EA-6B squadrons for Reserve wings so they will be completely modernized in synchronization with delivery of the two newest aircraft carriers. The day-night cycle flight operations by a Reserve air wing aboard USS RANGER in January of this year have demonstrated the progress of horizontal integration. The squadron augment unit (SAU) program initiated in 1984 integrated Reserve training into active fleet units and increased total force readiness. SAU air crews not only fly the same aircraft but also perform annual active duty for training with their gaining squadrons. I intend to continue and expand the number of participating Reserve aircrews. One-third of the P-3 ORION Maritime Patrol Aircraft squadrons are in the Reserve. These squadrons fly the modern P-3 ORION TACNAVMOD aircraft which allows Reserve flight crews to deploy and operate side by side with active squadrons.
>
> "The planned transfer of 25 additional active ships and the introduction of 31 new mine warfare ships and 22 craft of opportunity by 1992 is particularly ambitious. Trends in combat readiness for surface units already in the Reserves are gratifying. Four years ago, only one Reserve surface ship in five reported combat ready. Today, three out of four are in that status."

As the stature and capability of the Naval Reserve have increased, so has the pay-back to the American people gained. One of the most proximate benefits of Reserve Force modernization is the ability of Reserve Force squadrons and

SHIPS, AS WELL AS NON-HARDWARE UNITS, TO ASSUME RESPONSIBILITY FOR NAVY OPERATIONAL COMMITMENTS IN PEACETIME.

THIS CONTRIBUTION REPRESENTS COST SAVINGS TO THE AMERICAN TAXPAYER EVERYDAY, AS THESE MISSIONS PERFORMED BY NAVAL RESERVISTS RESULT IN ACTIVE FORCE LEVELS LESS THAN WOULD OTHERWISE BE REQUIRED.

VICE ADMIRAL CECIL J. KEMPF, USN, DIRECTOR OF NAVAL RESERVE, ADDRESSED THIS FACET OF THE MODERN NAVAL RESERVE IN HIS STATEMENT BEFORE THE READINESS SUBCOMMITTEE OF THE HOUSE ARMED SERVICES COMMITTEE WHEN HE STATED:

> "'MUTUAL SUPPORT' DESCRIBES THOSE NAVAL RESERVE TRAINING EVOLUTIONS WHICH ALSO PROVIDE DIRECT ASSISTANCE TO ACTIVE DUTY UNITS IN THE PERFORMANCE OF THEIR PEACETIME MISSION. THIS MUTUAL SUPPORT ENCOMPASSES ALMOST ALL MISSION AREAS AND IS A PREFERRED METHOD OF TRAINING, SINCE TASKS PERFORMED DURING PEACETIME ARE SIMILAR TO THOSE EXPECTED AT THE OUTBREAK OF HOSTILITIES. PERHAPS EQUALLY IMPORTANT IS THAT OUR RESERVISTS TAKE REAL SATISFACTION IN TRAINING DUTY WHICH THEY KNOW MAKES A MEANINGFUL CONTRIBUTION TO THE NAVY.
>
> "A FEW EXAMPLES OF THE MUTUAL SUPPORT PROVIDED DURING FISCAL YEAR 1985 ARE AS FOLLOWS:
>
> "o RESERVE AVIATORS PERFORMED THE ENTIRE FLEET HEAVY LOGISTICS SUPPORT EFFORT WITHIN THE CONTINENTAL UNITED STATES (CONUS), FLYING ALMOST 22,000 FLIGHT HOURS.
>
> "o SURFACE FORCE NAVAL RESERVISTS PROVIDED OVER 105,000 MANDAYS OF FLEET EXERCISE SUPPORT.
>
> "o 3,600 MANDAYS WERE DEDICATED TO NAVAL RESERVE SHIPS BLAKELY, VALDEZ, AND PATTERSON FOR CENTRAL AMERICA PRESENCE OPERATIONS.
>
> "o NAVAL RESERVE CONSTRUCTION FORCES PROVIDED MORE THAN 21,000 MANDAYS OF MUTUAL SUPPORT TO ACTIVE NAVY AND MARINE CORPS COMMANDS.
>
> "o RESERVE COMPOSITE SQUADRONS (VC) PROVIDED OVER 5,000 HOURS OF SERVICES TO FLEET UNITS PARTICIPATING IN DISSIMILAR AIR COMBAT TRAINING (DACT), ACTING AS TARGET AIRCRAFT FOR AIR INTERCEPT TRAINING AND RADAR TRACKING EXERCISES, AND PERFORMING THE AGGRESSOR ROLE IN FLEET EXERCISES.
>
> "o NAVAL RESERVE SECURITY GROUP UNITS CONTINUED SUPPORT OF THE NATIONAL CRYPTOLOGIC EFFORT THROUGH 36,000 MANDAYS OF PARTICIPATION IN PROJECT CLASSIC BUOYANT.
>
> "o ELEVEN RESERVE PATROL (VP) SQUADRONS PROVIDED 44 WEEKS OF FLEET SUPPORT AT LAJES, AZORES, AND MISAWA, JAPAN.
>
> "o RESERVE SQUADRONS FLEW MORE THAN 640 FLIGHT HOURS OF SURVEILLANCE SORTIES IN SUPPORT OF VICE PRESIDENT BUSH'S DRUG INTERDICTION PROGRAM.
>
> "SIGNIFICANTLY, USS PRESERVER (ARS-8), A NAVAL RESERVE SHIP, IS THE PRIMARY SURFACE SALVAGE VESSEL AT THE SCENE OF THE SPACE CHALLENGER EXPLOSION. RESERVE CREWMEMBERS AND DIVERS ARE PARTICIPATING IN RECOVERY OPERATIONS. FARTHER SOUTH, NAVAL RESERVE SHIPS AND SQUADRONS ARE INVOLVED WITH NAVY, AIR FORCE, AND COAST GUARD UNITS IN DRUG INTERDICTION MISSIONS."

There is no doubt that today's Naval Reserve capabilities are at the highest level ever. It is important in this atmosphere of well-being and accomplishment to retain our perspective.

A review of recent history of the Naval Reserve demonstrates that three (3) dominant forces, DoD, Congress and Reserve associations, played significant roles in this development process.

It must be pointed out that often these factors were in disagreement relative to the size, role and capability of the Naval Reserve. Certainly, the attitude toward the Naval Reserve present in DoD in the mid-seventies, which advocated end strength reduction to less than 32,000, loss of NRF ships and archaic hardware assignment policies, if not successfully thwarted by the associations and Congress, would have destroyed the Naval Reserve and precluded the vital and cost-effective contribution to the national defense the Naval Reserve provides today.

The development of the Total Force concept has greatly increased the visibility of and dependence on the Reserve Components and made them an important factor in force planning and funding objectives.

The most profound and significant change within DoD in traditional relationships between the active Navy and its Reserve Component has been effected by Secretary of the Navy John Lehman's policy of horizontal integration which is best described in his own words as follows:

> "Five years ago the Department of the Navy undertook a major reorganization of Reserve components to move from a vertical to a horizontal relationship with the active forces. Essentially, that means that the Reserves must provide immediate augmentation to the active force in time of emergency across the entire spectrum of warfare. It means also that, in peacetime, we rely on selected reserves to provide real-time fleet support across their mission areas. To execute this common-sense policy, the Reserves must have equipment compatible with the active forces. For instance, instead of providing the Reserves only such equipment as becomes obsolete and is removed from the active force, there must be a spectrum of new and old equipment reflected in the Reserves parallel to and in the same proportion as that in the active force. We have taken fundamental steps to bring this about."

The relationship between the Naval Reserve Association and Congress has been most productive, first in the 70's by stemming the tide rushing toward Naval Reserve destruction and, subsequently, continuing the advocacy of a strong, modern and capable Naval Reserve.

Many of the recent and dramatic advances have been accomplished by funding add-ons to the DoD budget. These increases in the budget have addressed the broad spectrum of Naval Reserve shortfalls, ranging in scope from outfitting Reserve construction battalions and increases in maintenance of real property to increased or continued procurement of E-2C, A-6E, F/A-18, SH-2, P-3C aircraft to support and accelerate the modernization process.

Additionally, concerns voiced by NRA and supported by Congress have ensured the continued upgrading of the mix of older aircraft present in the Reserve inventory. The TACNAVMOD program and, most recently, AQA-7 display and acoustic processor enhancement initiative are but two examples of significant improvement in Reserve capability that were neither funded nor initially supported in the DoD budget process.

Both the above programs now have strong support within DoD as evidenced by the following statement by the Assistant Secretary of Defense (Reserve Affairs) to the Readiness Subcommittee of the House Armed Services Committee:

> "The TACNAVMOD upgrade for the P-3A and B maritime patrol aircraft will be completed in FY 1986, and upgrading of the AQA-7 acoustic processor on these aircraft will continue. These improvements will provide us with an effective, current reserve component maritime patrol force. However, to maintain our capability to meet modernized Soviet submarine forces, as well as providing active and reserve compatibility, Naval Reserve transitions to the P-3C aircraft must be accomplished. Earmarking six of the P-3C aircraft in the Navy's FY 1986 procurement program for the Naval Reserve was a significant step toward achieving this goal. This is especially important, since the Naval Reserve provides one-third of the Navy's total maritime patrol capability."

This amalgamation of effort is beginning to produce the combat capable and ready Reserve Force necessary to meet the challenge of the 90's and beyond. Although we have come a long way, there is still a considerable way to go.

The bow wave of force modernization, begun five or six years ago, is just now placing new equipment in the Naval Reserve.

The impact of Gramm-Rudman-Hollings with increasingly more difficult budget reduction targets in the 87-91 time-frame exactly coincides with the most critical years of Naval Reserve modernization. The superb accomplishments of the past five years (5) could easily be wasted if as a result of Gramm-Rudman-Hollings, Reserve programs are severely cut or eliminated.

The legislative efforts of NRA will highlight those areas of critical concern and will focus on initiatives designed to maximize the capability of existing weapon systems at minimum cost.

The Naval Reserve Association will address the following issues:

- Anti-Submarine Warfare
  - P-3C Procurement
  - TACTAS for NRF Frigates
  - SH-2 LAMPS MK I Procurement and Improvement
- Mine Warfare
  - MSH/MCM Procurement
  - Craft of Opportunity (COOP) Program
- Reserve Tactical Air Wings
- Combat Search and Rescue (CSAR)
- ARAPAHO
- Military Construction Naval Reserve
- Reserve Personnel
  - End Strength
  - Incentives
  - Family Support

ANTI-SUBMARINE WARFARE

This segment of Reserve force structure, both air and surface, comprises the largest portion of Reserve assets. The 13 land-based maritime patrol squadrons in P-3A/B aircraft, the three (3) HSL squadrons assigned SH-2 LAMPS MK I helicopters and the seven (7) 1052s and 12 FFG-7s (to increase to eight (8) 1052s and 18 FFG-7s) all have three (3) characteristics in common -- (a) they all [illegible] in transition, and (b) all hardware currently assigned must be upgraded and improved, and (c) this capability improvement program must be accomplished in the FYDP years of Gramm-Rudman-Hollings.

The Soviet submarine threat has continued to grow both in terms of numbers and capability.

In his Posture Statement last year, Secretary Weinberger stated:

"With respect to the soviet submarine force,

"Particularly worrisome have been the advances in the Soviet submarine fleet. This massive underseas combat force -- at more than 370 boats, by far the world's largest -- has improved greatly in quality over the past decade and a half. The 1970s saw the introduction of several new submarine types, including the nuclear-powered Alfa and Victor III and the diesel-electric Tango. Classes introduced during the 1980s have yielded substantial additional improvements across the full range of submarine capabilities. For example, the 13,000-ton Oscar, armed with 24 SS-N-19 long-range anti-ship missiles, has significantly increased the scope and magnitude of the threat to our carrier battle groups and other surface forces. Still other new classes now being delivered to the fleet, such as the 9,700-ton Mike and the 7,300-ton Sierra, can be expected to yield further improvements in Soviet submarine capabilities in future years. These increases in size, which provide more space for weapons, and enhancements in speed and sound quieting, make the submarine more difficult to detect and engage."

In this year's Posture Statement, Secretary of the Navy John Lehman speaking of the Soviet submarine threat states:

"Every American should be aware, for example, that Soviet nuclear submarines operate continuously off our coasts. 'Victor'-class nuclear attack submarines are routinely found lurking near many of our principal naval ports. Soviet surface units are now making regular deployments to the contentious and vulnerable chokepoints of the Caribbean Sea and Gulf of Mexico. Worldwide, we find the Soviet Navy astride the vital sea-lanes and navigational chokepoints, through which most of the Western world's international trade must pass. This is the new reality. The pattern of Soviet naval deployments has revealed itself only over the last several years. These deployments constitute a post-World War II change in the global military balance of power that has been surpassed only by the advent of thermonuclear weapons. No planner, civilian or military, can ignore the growing dimensions of Soviet maritime power."

Admiral James D. Watkins, Chief of Naval Operations, speaking of the evolving Soviet capability states:

"Evolving full-spectrum capability. The Soviet Navy is aggressively developing the range of warfare capabilities commensurate with its global posture. The soviets not only have the world's largest submarine force, but have introduced 13 new classes of submarines since 1975, 3 in the last 2 years alone. By contrast, the U.S. has introduced only two new classes during the same period. New Soviet submarines incorporate fundamental improvements over previous classes, including quietness, and sensor and weapons capability. New surface ships mount modern, capable anti-air and anti-submarine warfare systems to complement the Soviet fleet's historically strong suit of anti-surface warfare. Soviet Naval Aviation also gained significant new capability with introduction of the BACKFIRE supersonic bomber in the mid-1970's, and will take another quantum step forward with completion of their first large-deck aircraft carrier late in this decade."

RESERVE MARITIME PATROL (VP) SQUADRONS

The 13 Reserve VP squadrons comprise 35% of the total Navy land-based maritime patrol (MPA) force capability. Located throughout the United States (see Figure 1), these squadrons are equipped with a mixture of P-3A, lightweight P-3B and heavyweight P-3B aircraft.

FIGURE 1

Squadron	Location	Squadron	Location
VP-60	Glenview, IL	VP-67	Memphis, TN
VP-90	Glenview, IL	VP-68	NAF Wash, MD
VP-62	Jacksonville, FL	VP-69	Whidbey Island, WA
VP-64	Willow Grove, PA	VP-91	Moffet, CA
VP-66	Willow Grove, PA	VP-92	S. Weymouth, MA
VP-65	Pt. Mugu, CA	VP-93	Detroit, MI
		VP-94	New Orleans, LA

There are two problems associated with the assigned equipment. The first is operational obsolescence of installed equipment. None of the current Update III or follow-on Update IV avionic improvements are capable of being installed on these older aircraft.

The recently-funded AQA-7 display and signal processor enhancement program (an NRA initiative) will, when installed, enable these older aircraft to continue to function effectively in the mid-90's and beyond.

Secondly, and of prime concern, is the severe shortage of P-3 aircraft in the mid-90's. This shortfall, unless addressed now, will result in the loss of 50% of the Reserve squadrons by 1995. Figure 2 depicts this aircraft shortfall.

As indicated in Figure 2, continued production of nine (9) new P-3 aircraft per year continuously through the year 2000 will still result in a Reserve MPA force composed of seven (7) squadrons of P-3Cs and six (6) squadrons of P-3Bs.

The most acute shortage will occur in 1992 when some 108 older P-3A/B aircraft will require Service Life Extension Program (SLEP) to maintain existing force levels. On the other hand, if increased new P-3 procurement is selected as the desirable option beginning in 1988, a SIX year production of 27 P-3s per year will be necessary to meet force level requirements.

As can be seen, the problem is large but manageable if:

- We start to address the SLEP/Procurement issue now.
- MAINTAIN a continuous production of new P-3 aircraft throughout the period.

The turbulence in P-3C procurement which occurred in FY-86 budget delibera-

TIONS IS PARTICULARLY DISTURBING TO NRA. IN OUR VIEW, IT DEMONSTRATES A LACK OF UNDERSTANDING OF TOTAL FORCE PLANNING AND PROGRAMMING REQUIREMENTS AND A CALLOUS DISREGARD NOT ONLY OF RESERVE FORCE REQUIREMENTS, BUT ALSO OF THE GROWING SOVIET SUBMARINE THREAT.

IT MUST BE KEPT IN MIND THAT THE INITIAL IMPACT OF ANY CANCELLATION OF P-3C PROCUREMENT IS 100% ABSORBED BY THE RESERVE FORCE STRUCTURE AS THE ACTIVE FORCE IS ESSENTIALLY A P-3C ENTITY.

FORTUNATELY, DUE TO CONTINUED CONGRESSIONAL SUPPORT, PROCUREMENT OF NINE (9) P-3C AIRCRAFT WERE AUTHORIZED FOR FY-86, WITH FURTHER DIRECTION THAT SIX (6) OF THESE WERE TO BE ASSIGNED DIRECTLY TO RESERVE FORCE SQUADRONS. THE FY-87 BUDGET REQUESTS PROCUREMENT OF NINE (9) P-3C AIRCRAFT.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION STRONGLY SUPPORTS CONTINUED P-3C PROCUREMENT AND VIEWS THIS ISSUE AS ONE OF CRITICAL IMPORTANCE TO THE READINESS AND CAPABILITY OF THE NAVAL RESERVE FORCE MPA SQUADRONS.

MPA PROJECTED SQUADRON COMPOSITION

PROCUREMENT RATE: 9 A/C PER YEAR

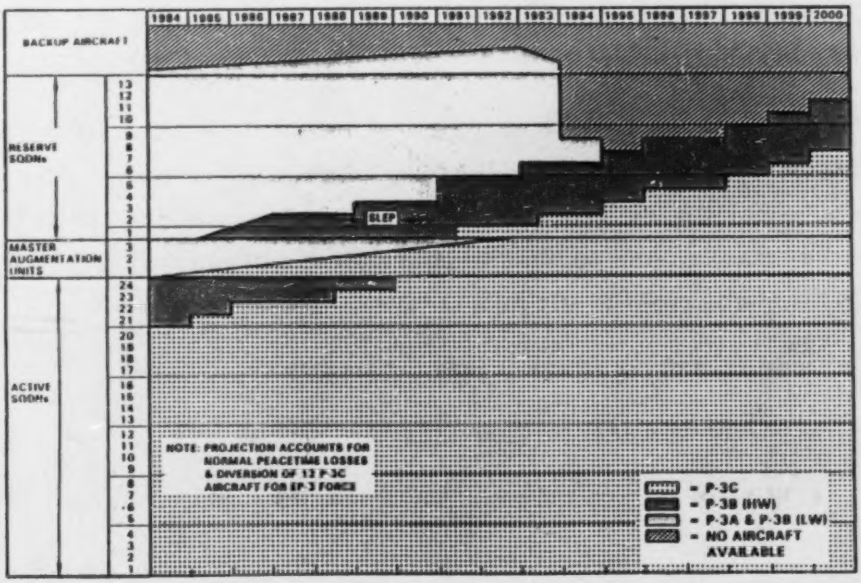

Figure 2

TACTICAL TOWED-ARRAY SONAR (TACTAS) FOR NRF FRIGATES

The Naval Reserve Association has continuously been a strong supporter of the assignment of modern, capable, surface ships to the NRF. The FY-87 budget request supports the transfer of three (3) FFG-7s and two (2) 1052s to the Naval Reserve. This transfer will bring the total Reserve Force inventory to 12 FFG-7s and seven (7) 1052 frigates.

This compliment of ships should provide significant ASW escort capability to the NRF.

However, the absence of TACTAS on all but two (2) of these ships (as of end FY-87) precludes the attainment of design capability and renders these otherwise fine ships at best, a marginally-effective ASW asset. Most knowledgeables believe that lack of the towed-array renders these ships non-deployable.

The Congress has continually voiced strong support for procuring the necessary equipment to completely outfit these ships as evidenced in FY-86 appropriation language:

> "AN-SQR-18A Tactical Towed-Array Sonar (TACTAS)
>
> The Navy presently has ships of the FF-1052 and FFG-7 classes configured to be LAMPS MK I capable. Being a reactive system, the LAMPS MK I depends on the AN/SQR-18A Tactical Towed-Array Sonar (TACTAS) to make the initial submarine detection. Navy planning has thus included yearly procurement of the TACTAS to provide this vital capability to these classes of ships. The Committee has given its wholehearted support to this program in the past, is doing so currently, and expects to do so in the future. The Committee therefore recommends that the Navy continue to plan for a continuing orderly procurement of the AN/SQR-18A in the out-years. This action will ensure that when ships of these two classes migrate to the Naval Reserve force, they will be capable of performing their ASW escort role as required."

A review of the Reserve 1052/FFG-7 TACTAS installation schedule reveals that in FY-87 only two (2) Reserve frigates will be equipped with towed-array sensor systems. This figure increases gradually until by FY-90, four (4) 1052s and seven (7) FFG-7s will have received this critical ASW sensor system.

It is, therefore, apparent that while progress is being made, it is important to note that even in FY-90, over 50% of the Reserve Force frigates will not have any towed-array system installed.

Once again, an essential Reserve Force modernization program requiring

CONTINUOUS FUNDING ENTERS ITS MOST CRITICAL FUNDING PERIOD COINCIDENTALLY WITH THE MOST DIFFICULT YEARS OF GRAMM-RUDMAN-HOLLINGS.

RECOMMENDATION

NRA STRONGLY ENDORSES THE CONTINUED PROCUREMENT OF TOWED-ARRAY SENSOR SYSTEMS FOR NRF SHIPS.

SH-2 LAMPS MK I PROCUREMENT AND IMPROVEMENT PROGRAM

THE PRIME MISSION FOR THE NRF SHIPS IS ASW CONVOY ESCORT. THE ASSIGNMENT OF EIGHT (8) 1052S AND 18 FFG-7S TO THE NAVAL RESERVE HAS PROVIDED A MODERN, CAPABLE AND EFFECTIVE WEAPON SYSTEM TO SATISFY THIS IMPORTANT TASKING.

THE HISTORICAL LOGISTICAL LESSONS OF WORLD WAR II WERE REINFORCED IN THE FAULKLANDS OPERATION.

IT IS OBVIOUS THAT EVEN TODAY, MASSIVE SEALIFT WOULD BE REQUIRED TO PROJECT AND SUSTAIN THE NECESSARY COMBAT AND SUPPORT FORCES. CURRENT PLANNING INDICATES ALMOST 95% OF THE DRY CARGO AND 99% OF THE FUEL WOULD HAVE TO MOVE BY SEA.

IT IS WELL TO REMEMBER THAT MORE THAN 300 MODERN, FAST AND QUIET SOVIET SUBMARINES WILL OPPOSE THIS EFFORT. THE EFFECT JUST 50 GERMAN SUBMARINES HAD ON ALLIED SHIPPING IN 1942, WHEN OVER 1,600 ALLIED SHIPS WERE LOST, SHOULD ETCH IN OUR MINDS THE FORMIDABLE TASK FACING OUR ASW FORCES TODAY.

EXPERT CONSENSUS INDICATES A SHORTAGE OF APPROXIMATELY 100 ASW SURFACE ESCORTS EXISTS TODAY. THE NAVAL RESERVE ASSOCIATION BELIEVES THAT IN LIGHT OF SUCH OVERWHELMING EVIDENCE, EVERY EFFORT MUST BE MADE TO IMPROVE THE COMBAT EFFECTIVENESS OF OUR EXISTING ASW ASSETS.

AS PREVIOUSLY DISCUSSED, THE INSTALLATION OF THE TOWED-ARRAY SENSOR SYSTEM IS A VITAL AND CRITICAL ELEMENT.

WE NOW DIRECT YOUR ATTENTION TO THE OTHER ELEMENT THAT OFFERS SIGNIFICANT POTENTIAL FOR VAST INCREASES IN ASW EFFECTIVENESS, NAMELY THE SH-2 LAMPS MK I HELICOPTER.

CAPTAIN R.H. SMITH, USN (RET), A NOTED ASW EXPERT, MOST APTLY DESCRIBED THE IMPORTANCE OF THE SH-2 LAMPS MK I HELICOPTER TO THE ASW MISSION WHEN HE STATED IN A RECENT ARTICLE (NRA NEWS MARCH '86):

> "To begin with, the helicopter on the surface ship represents a very finite, and often unique, asset. Its very existence, due to the strong extent to which its capabilities exert such disproportionate amplification of the entire warship's capabilities, confers upon it extraordinary leverage over the entire team of warship and helicopter. In the team there is scant possibility of that always very desirable military attribute: Graceful Degradation. Let the helicopter suddenly become unavailable, then the capability of that warship in most of its missions will not simply decrease by some modest degree. It can drop precipitously, from excellent to zero! Thus, such attributes as Safety, Reliability and Helicopter Availability assume tremendous importance."

The Naval Reserve Association fully agrees with this assessment.

The SH-2 LAMPS MK I helicopter, in the view of NRA, is not only a most essential part of this ASW team, but also offers the most cost-effective avenue for significant increases in capability at marginal increases in cost.

The FFG-7 class frigates have been designed to accommodate two (2) SH-2 LAMPS MK I helicopters. Current Navy planning will only provide one (1) helicopter per ship. The Naval Reserve Association disagrees with this approach as does Captain Smith when he states:

> "The value, indeed the indispensability, of the second LAMPS MK I on the Reserve FFG-7's is not, per se, in dispute. The problem is one of funding and choice. And yet few choices we make today could be more shortsighted than to deny the FFG-7's of the Reserves a second LAMPS MK I helicopter. At bottom, the driving reason for this statement is simply the tremendous shortage, both current and forecast, of available escort strength to oppose the onslaught of any major submarine campaign such as the Soviets could mount against the shipping of the U.S. and its allies. The extent of that shortage can be read in the experience of winning World War II, where the escort forces of the Allies came to be numbered in the thousands. That our escorts are much more capable today is uncontested. But so is the submarine threat, and any of the oft-heard consolations expressed that 'technology' will compensate for our lack of numbers is whistling in the dark. The truth is that each of the escorts that we will be able to hurl into the battle is a precious resource, and it is therefore imperative that we maximize the capability of each and every one. That is why each FFG-7 must have its full complement of two (2) LAMPS MK I. It is not a luxury, not something in the category of 'nice-to-have', nor does it belong to any other of the comparatively pale reasons by which analysts sometimes indulge themselves. It is simply an urgent operational requirement.
>
> "Let us consider for a moment what instinct tells us that a second LAMPS MK I confers, and what analysis confirms quantitatively. The advantages are so numerous that we must save space by tight synopsis.
>
> "o Dual LAMPS provides a 30% increased probability of contact prosecution.
>
> "o Continuous on station tracking capability (one LAMPS MK I can spell the other).
>
> "o The great advantages of dual helicopter prosecution capability (it can convert a marginal active tracking capability with a LAMPS MK I to that remarkably improved capability wherein two helicopters, coordinating, can almost be assured of keeping at least one dipping sonar ball in the water at all time).

"o The ability to prosecute multiple contacts simultaneously.

"o Attack capability out to the second CZ (normally about sixty (60) miles).

"o A 50% improved Over the Horizon (OTH) target capability.

"o A doubling of search area.

"o ...the list could go on and on."

These assessments of enhanced capability have been proven accurate in a most dramatic fashion. Recent operations in the Mediterranean have shown the effectiveness of the dual LAMPS MK I helicopters deployment profile. When deployed aboard USS YORKTOWN (CG-48), two (2) SH-2 LAMPS MK I helicopters flew over 250 hours in less than 30 days, and during one 72-hour period, the ship was able to keep one (1) helicopter airborne continuously. In the final analysis, endurance is equally as important in successful ASW operations as platform capability. The ability to stay on top of a contact, relieve on station, is the name of the game. That the dual LAMPS MK I configuration provides this overwhelming capability was fully demonstrated aboard YORKTOWN.

In the era of Gramm-Rudman-Hollings, the cost-effectiveness of proposals must be addressed. The Naval Reserve Association believes procurement of the second LAMPS MK I helicopter for Reserve FFG-7s is the most economical solution to the escort shortfall problem as does Captain Smith when he states:

> "However, the foregoing summary of the virtue of DUAL LAMPS only expresses to a small degree the overwhelming case for its incorporation in the Reserve FFG-7's. In terms of cost-effectiveness, it cries out to be done. When we consider the overall weapon system that the FFG-7 constitutes, it is most apparent how a marginal increase in expense to obtain the second LAMPS MK I will confer extraordinary gains in overall effectiveness. Without inundating the reader with statistics, a very few numbers will suffice.
>
> "o The cost of today's FFG-7 is about $400 million dollars.
>
> "o The cost of a LAMPS MK I is less than $10 million dollars.
>
> "o The yearly O&S costs of a LAMPS MK I are about $.5 million and for the FFG-7 are about $12 million.
>
> "Working out the simple arithmetic, it results that for a bare three (3%) percent increase in initial investment and annual O&S costs, the Navy can obtain the manifold advantages of the DUAL LAMPS. Looking at it in another way, the cost of all DUAL LAMPS is no more than the value of one single merchantman whose safe transit the existence of an additional LAMPS MK I might assure!
>
> "There are few instances, indeed, that can be found in the entire realm of Defense that point the way so unequivocally to giant gains in Weapons Systems Effectiveness with such marginal additional expenditure of dollars."

THE SECOND AREA OF DISCUSSION CONCERNING SH-2 THAT OFFERS MAXIMUM RETURN FOR THE DEFENSE DOLLAR IS DEVOTED TO THE SH-2 CAPABILITY IMPROVEMENT PROGRAM. IN TIMES OF TIGHT BUDGETS, THE NAVAL RESERVE ASSOCIATION FEELS THAT THE NECESSITY TO FULLY EXPLOIT EXISTING PLATFORM CAPABILITY BY UPGRADING PERFORMANCE, RELIABILITY AND COMBAT CAPABILITY AS AN ALTERNATIVE TO A WHOLE NEW WEAPON SYSTEM DEVELOPMENT IS SELF-EVIDENT.

A CAPABILITY-UPDATE PROGRAM ALREADY EXISTS FOR THE SH-2. INCLUDED IN THIS PROGRAM IS INCORPORATION OF THE T-700 ENGINE AND MULTI-MISSION MODULAR KITS.

THESE KITS WILL PROVIDE AN ASW SUITE THAT INCLUDES RADAR, FLIR, TWO (2) MK-50 TORPEDOES, SONOBOUYS AND SONOBOUY LAUNCHER, ON-BOARD ACOUSTIC PROCESSOR, SECURE DATA LINK AND, PERHAPS MOST IMPORTANTLY, AN ACTIVE DIPPING SONAR. THESE IMPROVEMENTS ENSURE AN ASW CAPABILITY TO COPE WITH ADVANCED SOVIET SUBMARINE TECHNOLOGY AND, WHEN COMBINED WITH A DECK LOAD OF TWO (2) AIRCRAFT PER RESERVE FRIGATE, PROVIDE IMMENSE IMPROVEMENT IN CAPABILITY AT MINIMUM COST.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION STRONGLY ENDORSES THE CONTINUED PROCUREMENT OF SH-2 LAMPS MK I HELICOPTERS SO AS TO PROVIDE TWO (2) SH-2s FOR EACH RESERVE FORCE FFG-7s. EIGHTEEN (18) ADDITIONAL AIRCRAFT ARE REQUIRED.

ADDITIONALLY, NRA REQUESTS EXPEDITIOUS FUNDING TO INITIATE THE SH-2 WEAPON SYSTEM IMPROVEMENT PROGRAM FOR ALL CURRENT SH-2 AIRCRAFT.

MINE WARFARE MCM/MSH/COOP

MINE WARFARE, OFTEN NEGLECTED, NEVER PUBLICIZED, POSES A SIGNIFICANT THREAT TO THE SUCCESSFUL PROSECUTION OF OUR MARITIME STRATEGY.

RECENT EVENTS, SUCH AS THE MINING OF THE SUEZ CANAL, SERVE TO REMIND US NOT ONLY OF THE COMPLEXITY OF THE CURRENT INVENTORY OF SOVIET MINES, BUT ALSO OF THE TREMENDOUS EFFORT NECESSARY TO CLEAR A GIVEN AREA OF PLANTED MINES.

A REVIEW OF THE MINE WARFARE INDICATES A SERIOUS GAP EXISTING BETWEEN OUR DEFENSIVE CAPABILITIES AND THE SOVIET OFFENSIVE CAPABILITIES.

THE FOLLOWING FACTORS HIGHLIGHT THE SCOPE OF THIS SIGNIFICANT THREAT:

- o Experts estimate current Soviet inventory of mines as immense, totaling more than all the mines deployed in the Second World War.
- o Recent experience in the Suez Canal indicates the Soviet mine inventory includes new-generation, extremely sophisticated mines both difficult to detect and neutralize and extremely lethal.
- o To counter this threat, NATO can muster barely 300 minesweepers as compared to the 1,500 available in WWII.
- o The current U.S. Navy mine force is 21 ships of Korean War vintage.

The current Navy plan calls for production of two (2) classes of mine warfare ships -- the MCM of which 14 will be procured, and the MSH of which 17 will be procured. All of these ships are to be transferred to the Naval Reserve after one (1) year with the fleet.

The first three (3) MCMs will enter Reserve service in 1988. The first MSH is scheduled to enter Reserve service in FY-89.

The Naval Reserve Association supports full development of the Craft of Opportunity (COOP) program as a vital adjunct to the mine warfare modernization program.

The experience gained thus far in this program has resulted in some refinement of the original program concept in that the conversion of seized drug boats has not proven to be economically feasible. The ongoing development program will see five (5) additional COOP units established in FY-87 and continuing developmental efforts aimed at defining more precisely unique equipment requirements for this important mission.

Recommendation

The Naval Reserve Association strongly supports continued Congressional interest and funding support for both of these important programs.

RESERVE TACTICAL AIR WINGS

The modernization of the Reserve Tactical Air Wings is continuing at an accelerated pace. The combination of Secretary of the Navy's policy of horizontal integration combined with strong Congressional support, as evidenced

BY BUDGET ADD-ONS TO PROVIDE F-14 MODERNIZATION AND EXPANDED PROCUREMENT OF MODERN AIRCRAFT SUCH AS THE A-6E, WILL PRODUCE AN INVENTORY OF ASSIGNED AIRCRAFT RAPIDLY MEETING THE GOAL OF FULL DEPLOYABILITY.

CONTINUED CONGRESSIONAL SUPPORT IS REQUIRED FOR FY-87 AND SUBSEQUENT A-6 AIRCRAFT PROCUREMENT AS AN ADJUNCT TO THE A-6 ISSUE SUFFICIENT KA-6 TANKERS MUST BE AVAILABLE TO REPLACE THE AGING KA-3 TANKERS CURRENTLY UTILIZED FOR THIS VITAL TACAIR MISSION. THE SERVICE LIFE OF THE KA-3S EXPIRES IN 1990.

FY-87 WILL SEE THE TRANSITION OF THE SECOND RESERVE VA SQUADRON TO THE F/A-18 AIRCRAFT WITH THE REMAINING TWO (2) A-7 SQUADRONS SCHEDULED TO RECEIVE F/A-18S IN THE FY-89 THROUGH FY-90 TIME PERIOD.

A REVIEW OF CURRENT PLANNING INDICATES THAT BY FY-90 BOTH RESERVE TACAIR AIR WINGS WILL BE ESSENTIALLY IDENTICAL TO THEIR ACTIVE FORCE COUNTERPARTS WITH THE FOLLOWING EXCEPTIONS:

- o ONE (1) SQUADRON OF EA-6AS WILL REMAIN WITH NO REPLACEMENT SCHEDULED THROUGH FY-92,
- o TWO (2) SQUADRONS OF SH-3D/H ANTI-SUBMARINE HELICOPTERS WILL REMAIN WITH NO SCHEDULED REPLACEMENT, AND
- o NO S-3A/B AIRCRAFT ARE AVAILABLE FOR RESERVE WING ASSIGNMENT.

THE NAVAL RESERVE ASSOCIATION IS PLEASED WITH THE MODERNIZATION EFFORTS THUS FAR ACHIEVED BUT AGAIN, THE JOB IS LESS THAN HALF COMPLETED AND CONTINUED SUPPORT BY BOTH DOD AND CONGRESS IN THIS GRAMM-RUDMAN-HOLLINGS ENVIRONMENT WILL BE NECESSARY TO ACHIEVE OUR 10-YEAR MODERNIZATION GOALS.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION URGES SUPPORT FOR NAVY TACAIR PROCUREMENT REQUESTS AND PARTICULARLY FOR CONTINUATION OF PROCUREMENT EFFORTS DESIGNED TO CONTINUE RESERVE TACAIR MODERNIZATION OBJECTIVES.

COMBAT SEARCH AND RESCUE (CSAR)

SINCE FY-85, THE NAVAL RESERVE ASSOCIATION HAS PROPOSED ACTIONS INTENDED TO ALLEVIATE THE SERIOUS DEFICIENCIES IN THE NAVY'S COMBAT SEARCH AND RESCUE (CSAR) AND SPECIAL WARFARE SUPPORT CAPABILITY.

Congressional support has been both quick and outstanding with $12M added to the Navy procurement budget in FY-85 and another $25M added in FY-86.

To date, no aircraft have been procured and the FY-87 budget contains no funding request for CSAR. In light of this development, a quick review is necessary.

The Naval Reserve Force structure, which supports these missions, consists of one (1) HC squadron equipped with HH-3A aircraft with combat search and rescue as a prime mission.

Two (2) other squadrons (HAL-4 and HAL-5) equipped with HH-1K gunship helicopters essentially support the Special Warfare mission. The genesis of these latter two squadrons was the "brown water" forces of the Vietnam War.

The operational inadequacies of both the HH-3A and HH-1K aircraft have long been recognized. Navy plans were to replace these aircraft with tilt-wing V-22s. This solution would not provide new aircraft for this important mission until the late 90s, however, the Naval Reserve Association took exception to this approach and proposed that in view of the critical need for immediate improvement in combat survivability and capability, a low-cost off-the-shelf procurement of UH-60 Blackhawks would be a better and much more cost-effective initiative. Congress agreed and provided the procurement funding discussed earlier.

Several actions occurred within Navy in the FY-85 through FY-86 time-frame which resulted in the following program changes:

- Force level reorganization combined both CSAR and Special Warfare support missions, and formed two (2) multi-mission squadrons in place of the current (1)HC/(2)HAL squadron mix.
- An evaluation of the capabilities of the UH-60 Blackhawk helicopter was conducted which stated that the UH-60 was unacceptable since it could not be launched from all Navy ships due to the tail wheel aft design, was not equipped with unique Navy equipment (rotor brake), and was not suitable for operations in the harsh salt water maritime environment.
- As a result of these events, the Navy directed that procurement of UH-60s

not be accomplished and that competitive bids be solicited for this unique Navy aircraft.

o The RFP is currently scheduled to be issued in February/March of 1986 with an initial operating capability target of late FY-88 or early FY-89.

The Naval Reserve Association must again voice its concern about this issue.

Primarily, despite the availability of funding in 1985, the squadrons will receive no new equipment until FY-89 and all the current assets will not be replaced until the early 90s. NRA believes that this is too long to wait.

Secondly, combining both missions into two (2) squadrons of nine (9) aircraft each essentially deactivates one (1) squadron and decreases force capability by eliminating six (6) aircraft from the force levels. The Naval Reserve Association points to the growth of 15 carrier battle groups and the increased emphasis on Special Warfare force support, indicating that such a decrease in capability is ill-advised.

Thirdly, the rejection of the UH-60, an aircraft designed to withstand the increased stress of operations in hostile fire landing zone environment (so as to accommodate a ship compatibility problem on fewer than 5% of the ships), needs to be reexamined. NRA believes the Special Warfare support mission may sacrifice too much capability utilizing a tail wheel forward designed helicopter which is inherently less rugged. Additionally, NRA believes out-year upgrades in armament and hostile fire survivability would be more economical for the Navy if the Navy aircraft was the same as that used by the Army.

Recommendation

The Naval Reserve Association recommends the current CSAR plan be reexamined and supports a force structure comprised of two (2) CSAR squadrons equipped with an aircraft primarily designed to meet this mission requirement.

Secondly, the Special Warfare support mission should remain in HAL-4 and HAL-5, and these squadrons should be equipped with a helicopter primarily designed to survive and fight in the hostile fire land environment.

ARAPAHO

The almost 20-year odyssey of the ARAPAHO system continues.

First briefed to the Naval Air Reserve staff in the late 60s under the title of Reserve Merchant Ship Defense System (RMDS), the concept was recognized as both an innovative and cost-effective method of augmenting the maritime warfighting capabilities by enabling non-combatant ships to be provided with significant capability at small cost to the Navy.

This feature was and is particularly attractive in mission areas that only become critical in time of active hostilities since large capital investments in protective ships can be reduced while capability can be rapidly expanded to meet wartime requirements.

The system, while conceptually sound, met with less than enthusiastic support within Navy circles.

Due largely to Congressional support, after numerous starts and stops, a bare-bones protype finally successfully passed at sea trials.

Having fulfilled the letter of Congressional direction, the system was then put in storage, some would say, in hopes that it would go away.

The Royal Navy, however, had always been interested in the project and, when the Faulkland's Campaign demonstrated the requirement for rapid build-up of warfighting capability, they quickly acquired the ARAPAHO on a lease basis, and using it as a core, installed an expanded ARAPAHO facility on RFA RELIANT.

The British are constructing their own version of ARAPAHO and, consequently, plan to return the ARAPAHO to Navy custody this fall.

Fortunately, Navy thinking has changed relative to the ARAPAHO concept.

Spurred by the experience gained in the extended minesweeping efforts in the Suez Canal, wherein a dedicated amphibious warfare ship had to be diverted to provide host ship functions for that effort, the Navy is seriously considering procuring two (2) ARAPAHO facilities (now called Mobile Sea Van Complex) to support mine warfare operations including the newly established Reserve mine warfare squadron (AMCM). Current plans call for two (2) such complexes.

Recommendation

The Naval Reserve fully supports the further development of the ARAPAHO concept and solicits continued Congressional support in this area.

Since provisions to perform the MCM mission were not included in the original ARAPAHO design, additional funding will be required in FY-87 to accomplish the necessary modifications.

MILITARY CONSTRUCTION NAVAL RESERVE

The posture of the Naval Reserve base infrastructure has assumed increasing importance in recent years as more missions have been assigned to the Naval Reserve. This increased role in our National Defense posture has not only resulted in pure numerical growth in drilling reserve numbers, but also has been accompanied by a most welcome influx of modern hardware.

The Secretary of the Navy's policy of "horizontal integration" has begun to equip the Naval Reserve with the complex, highly capable weapon systems currently being provided to the fleet.

In FY-87, Naval Reserve numbers will increase by 9,000 drilling Reservists and 4,000 active military support personnel. Force equipment modernization will also continue with the introduction of F-14, F/A-18, RH-53 and A-7E aircraft, and SH-2 LAMPS I helos, while on the surface side, three (3) more FFG-7 and one (1) 1052 class frigates will be added to the force.

These increases in both size and complexity have generated increased requirements in Military Construction Naval Reserve (MCNR) funding.

The FY-87 funding request of $44.5M reflects some of the most pressing requirements generated by force modernization and size increase.

While the Naval Reserve Association fully supports this budget request, there remain serious concerns about the adequacy of the proposed program.

The MCNR appropriation (which also supports Marine Reserve requirements) has averaged less than $40M per year over the last five (5) years. It is no wonder that the combination of a static level $40M and a simultaneous significant growth in both force size and complexity have resulted in more than doubling the construction backlog from $290M in FY-82 to $732M in FY-87.

The modernization of many of our WW-II era facilities, long delayed, simply MUST be upgraded to handle the sophisticated maintenance and support require-

MENTS OF THE NEW GENERATION OF AIRCRAFT AND SHIPS ASSIGNED TO THE NAVAL RESERVE. IN MANY CASES, THESE SUPPORT REQUIREMENTS CANNOT BE MET BY ALTERATION OF 20-30 YEAR OLD STRUCTURES DUE TO INHERENT DEFICIENCIES IN ELECTRICAL CAPACITY, CLIMATIC CONTROL AND, IN SOME CASES, STRUCTURAL LIMITATIONS.

THE OUTYEAR MCNR FUNDING PROFILE ATTEMPTS TO ADDRESS THESE SHORTFALLS BY GRADUAL INCREASED MCNR FUNDING OVER THE PERIOD TO A LEVEL OF $91.2M IN FY-91. IT SHOULD BE NOTED THAT EVEN THIS INCREASED LEVEL OF MCNR FUNDING TOTALING $350M OVER THE FIVE (5) YEAR SPAN WILL LEAVE A MCNR BACKLOG OF SOME $380M WHICH IS SOME $90M MORE THAN THE BACKLOG WHICH EXISTED IN FY-82.

PEOPLE PROGRAMS

THE SUPPORTIVE BASE STRUCTURE NECESSARY TO FULFILL THE MANPOWER REQUIREMENTS OF THE NAVAL RESERVE IS PREDOMINATELY LOCATED NEAR OR IN LARGE METROPOLITAN CENTERS. FOR EXAMPLE, THE NAVAL RESERVE OPERATES RESERVE AIR STATIONS IN THE VICINITY OF BOSTON, PHILADELPHIA, CHICAGO, DALLAS AND NEW ORLEANS. ALL OF THESE AIR STATIONS HAD THEIR ORIGIN IN THE 1940S AND 1950S. MANY STRUCTURES OF WWII WOODEN CONSTRUCTION ASSOCIATED WITH AIRCRAFT MAINTENANCE AND SUPPORT HAVE BEEN REPLACED OVER THE YEARS. HOWEVER, THE WOEFULLY CONSTRAINED RESERVE MILITARY CONSTRUCTION BUDGETS HAVE PRECLUDED THE MODERNIZATION OF THOSE STRUCTURES DEDICATED TO HABITABILITY, I.E., BACHELOR ENLISTED QUARTERS (BEQS), BACHELOR OFFICER QUARTERS (BOQS) AND FAMILY HOUSING FROM BEING REPLACED AND/OR CONSTRUCTED IN QUANTITIES SUFFICIENT TO MEET RESERVE FORCE REQUIREMENTS.

NAVAL RESERVE ACTIVE DUTY SUPPORT PERSONNEL ARE FULL-TIME SAILORS AND ARE MANAGED IDENTICALLY TO THEIR ACTIVE NAVY COUNTERPARTS. OF NECESSITY, THEY ARE RELOCATED FREQUENTLY TO MEET THE NEEDS OF THE RESERVE PROGRAM.

UNFORTUNATELY, THIS REQUIREMENT RESULTS IN A SERIES OF CAREER MOVES FROM ONE EXPENSIVE METROPOLITAN AREA TO ANOTHER. AND, FROM ONE BASE TO ANOTHER WHERE FAMILY HOUSING IS NOT AVAILABLE. THE HIGH PRICE OF CIVILIAN HOUSING, COMBINED WITH A LOW PAY SCALE THAT PREVENTS MORTGAGE QUALIFICATION HAS RESULTED IN INCREASING NUMBERS OF OUR MARRIED ENLISTED PERSONNEL BECOMING "GEOGRAPHIC BACHELORS", FORCED TO SERVE SEPARATED FROM THEIR FAMILIES DUE TO THE LACK OF FAMILY HOUSING.

UNFORTUNATELY, INCREASES IN FAMILY HOUSING ALLOWANCES (VHA) HAVE NOT HELPED

ALLEVIATE THIS PROBLEM, AS THE CIVILIAN MARKET PLACE IS QUICK TO REACT TO THESE INCREASES AND QUITE SIMPLY OFFERS THE SAME SUB-STANDARD HOUSING AT INFLATED PRICES.

FOR FEMALE ENLISTED PERSONNEL ORDERED TO ACTIVE DUTY RESERVE PROGRAM BILLETS, SOME OF WHOM ARE HEADS OF SINGLE PARENT FAMILIES, THE LACK OF FAMILY HOUSING AND CHILD-CARE CENTERS IS A PARTICULARLY DIFFICULT HARDSHIP.

THE LACK OF ADEQUATE BEQ IS A SERIOUS IMPEDIMENT TO READINESS AND STABILITY IN THE RESERVE FORCE.

THE NAVAL RESERVE IS ABOVE ALL A VOLUNTEER FORCE OF PEOPLE WHO HAVE COMPLETED THEIR ACTIVE DUTY OBLIGATION AND DESIRE TO CONTINUE MILITARY SERVICE TO THEIR NAVY AS DRILLING RESERVISTS.

THE LEVEL OF EXPERTISE AND THE CAPITAL INVESTMENT THE NAVY HAS IN THESE TRAINED INDIVIDUALS IS INCREDIBLE. THE NAVAL RESERVE ASSOCIATION BELIEVES THAT MUCH NEEDS TO BE DONE TO INCREASE THE RETENTION OF THESE VETERANS. ADEQUATE BERTHING IS ONE OF THE CORNERSTONES OF SUCCESSFUL RETENTION AND SHOULD BE AVAILABLE FOR EVERY RESERVIST IN DRILL PAY STATUS.

THE NRA BELIEVES IT IS PENNY WISE AND POUND FOOLISH TO LOSE TRAINED DRILLING RESERVE VETERANS BECAUSE HE OR SHE MUST BE BILLETED IN AN OPEN-BAY, WOODEN, WORLD WAR II VINTAGE BARRACKS.

THE REQUIREMENT TO BUILD HANGARS, MAINTENANCE FACILITIES, ETC. TO ACCOMMODATE NEW WEAPON SYSTEMS (F-14, C-9, FFG-7) IN THE RESERVE PROGRAM HAS ABSORBED MOST OF THE AVAILABLE MCNR AND MOST HABITABILITY PROJECTS HAD TO BE DEFERRED. AS A CASE IN POINT, THE FY-85 BUDGET PROVIDED NO FUNDS FOR BEQ CONSTRUCTION, ONLY ONE (1) BEQ WAS REQUESTED IN FY-86 AND NO BEQ/BOQ PROJECTS HAVE BEEN REQUESTED IN FY-87.

HABITABILITY PLANNING CRITERIA

THE EMERGENCE OF RESERVE FORCES OVER THE PAST SEVERAL YEARS AS A SIGNIFICANT CONTRIBUTOR TO THE NATIONAL DEFENSE HAS PLACED ADDITIONAL PRESSURE ON THE ATTAINMENT OF THE HIGHEST ACHIEVABLE LEVEL OF READINESS AND COMBAT CAPABILITY. MODERN COMPLEX WEAPON SYSTEMS HAVE BEEN INTRODUCED TO ACCOMPLISH THESE GOALS. ADDITIONALLY, AS RESERVE FORCE CAPABILITIES HAVE INCREASED, THEIR PARTICIPATION IN OPERATIONAL TASKING HAS GROWN APPRECIABLY.

These factors have necessitated Reservists to spend many more hours at their Reserve jobs in maintenance and operational duty than ever before. The old syndrome of four (4) hours in a classroom and then home, is no longer true. The existing habitability criteria for planning and justifying both BOQ and BEQ structures has, unfortunately, lagged behind the modern Reserve Force concept. In essence, the planning criteria is slewed toward reducing, to the lowest number, the amount of billeting for Reservists.

The Naval Reserve Association believes this philosophy should be reexamined as follows:

o Specifically, rather than utilizing peacetime drill numbers, post mobilization billeting requirements should be used.

o Readiness, training and operational requirements should determine BEQ and BOQ size and not, as is the case now, only how far away from the drill site the Reservist lives.

o All Reserve Components should utilize the same planning criteria and in those cases where one service is the host/landlord for other Reserve Components, that service should, as agent, include the tenant requirements in planning and construction.

The Naval Reserve Association believes a Reservist who flies until midnight and must muster the next day at 0800 deserves a bed on board the drill site.

The current practice of utilizing O&MNR funding to provide off-base billeting will suffer greatly under Gramm-Rudman-Hollings sequestration as successive cuts in O&MN funding, including flight hours, spare part procurement and other maintenance requirements, will tend to reduce or eliminate contract messing and berthing funding.

Reserve Project Design Requirement

The Naval Reserve Association is opposed to the recent change in DoD regulation which increased Naval Reserve project design criteria from 35% to 65%.

The purpose of this increase is to "insure timely bid openings, accurate budget estimates and easier execution".

This change, if implemented, will further inhibit Naval Reserve construction as more up-front design costs will reduce the number of projects completed each year. In an already austere budget, this is counterproductive and will accelerate the already massive construction backlog.

Secondly, this treats Naval Reserve projects differently than active Navy construction. As you know, the same active Navy organization handles both active and Reserve projects.

Thirdly, Naval Reserve project execution has been excellent, improving from 80% in FY-83 to 99% in FY-85.

Recommendation

The Naval Reserve Association recommends substantial increased MCNR funding levels from the current 2% of Navy military construction to 5-10% share of total Navy military construction funding.

Additionally, it is recommended that habitability projects (BEQ, BOQ and family housing) be included in all annual appropriations and, also, that current antiquated requirement determination criteria be revised to include readiness and operational needs as most valid inputs in determining size and scope of new construction. Specifically, NRA recemmends FY-87 MCNR funding be provided in the amount of $12.2M for the construction of BEQs at NAS South Weymouth, NAS Glenview and the Naval Support Activity New Orleans.

NAVAL RESERVE STRENGTH

Continual growth in force structure with the acquisition of additional Reserve Force frigates, continued introduction of new aircraft and expansion of maintenance activities form the basis for the requested growth in Reserve strength.

The increases over FY-86 levels of 4,187 full-time support and 9,119 in Selected Reserve end strength reflect continued expansion toward full NAMMOS requirement attainment in FY-88/FY-89.

Table 1 below indicates programmed Selected Reserve end strength (48 drill pay) compared with NAMMOS requirements for the period FY-86 through FY-91.

TABLE 2 INDICATES FULL-TIME SUPPORT REQUIREMENTS OVER THE SAME PERIOD OF TIME.

TABLE 1

NAVAL SELECTED RESERVE STRENGTH
(48 DRILL PAY)

FISCAL YEAR

	86	87	88	89	90	91
NAMMOS	128,593	130,518	133,603	135,137	136,593	136,738
JAN 86 DNFYDP	118,209	127,328	133,603	135,137	136,593	136,738

NOTE: REQUIREMENTS AND END STRENGTH INCLUDE CATEGORY "A" AND "Q" DRILLING RESERVE ONLY; EXCLUDES PERSONNEL ON INITIAL ACDUTRA, IRR, IMA D, AND FULL TIME SUPPORT PERSONNEL.

TABLE 2

NAVAL RESERVE
(FULL-TIME SUPPORT)

FISCAL YEAR

	85	86	87	88	89	90	91
265	210	220	232	232	232	232	232
TARs	14,802	17,477	21,395	23,722	25,319	26,019	26,232
TEMACs	*	1,313	1,550	1,587	1,674	1,677	1,677
TOTAL	15,012	19,010	23,197	25,541	17,226	27,928	28,141

* TEMAC RECRUITERS TRANSFERRED TO RPN FROM MPN IN FY-86.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION STRONGLY ENDORSES THE REQUESTED GROWTH IN BOTH SELECTED RESERVE AND FULL-TIME SUPPORT PERSONNEL.

RECRUITING AND RETENTION INCENTIVES

THE NAVAL RESERVE IS GROWING SIGNIFICANTLY OVER THE NEXT FIVE (5) YEARS. THIS GROWTH, BOTH IN EQUIPMENT AND NUMBERS, IS TO BE ATTEMPTED IN AN ERA OF DECLINING AVAILABILITY OF ENTRY POOL CANDIDATES.

WHILE THE ATTRACTIVENESS OF A MODERN, WELL-EQUIPPED AND PROFESSIONAL NAVAL RESERVE HAS RESULTED IN SOME REDUCTION IN LOST RATES, IT IS BECOMING MORE EVIDENT THAT ENLISTMENT AND RETENTION INCENTIVES MUST BE APPLIED TO (A) MEET RESERVE PERSONNEL MANNING REQUIREMENTS, (B) STABILIZE THE FORCE, AND (C) MINIMIZE THE TRAINING COSTS GENERATED BY LARGE TURNOVER RATES.

THE CHIEF OF NAVAL OPERATIONS ENDORSED THIS CONCEPT, WHEN HE STATED BEFORE THE HOUSE ARMED SERVICES COMMITTEE:

> "ENLISTED TAR PERSONNEL SERVE TOURS OF SEA DUTY SIDE-BY-SIDE WITH USN COUNTERPARTS ON RESERVE SHIPS, YET THEY ARE NOT ELIGIBLE FOR THE SAME RETENTION INCENTIVES. WE HAVE REQUESTED AUTHORITY TO PAY A SELECTIVE REENLISTMENT BONUS (SRB) TO A LIMITED NUMBER OF TAR PERSONNEL IN CRITICAL RATINGS TO ENABLE US TO MAN THE ACTIVE DUTY PORTION OF AN EXPANDING NUMBER OF SHIPS IN THE NAVAL RESERVE FORCE (NFR). WE ARE ALSO REQUESTING AUTHORITY FOR A MODEST UNIT INCENTIVE PAY FOR SELECTED RESERVE CREW MEMBERS OF OUR NAVAL RESERVE FORCE SHIPS. COMPENSATION INITIATIVES SUCH AS THESE ARE CRITICAL TO OUR ABILITY TO CONTINUE THE GROWTH OF RESERVE STRENGTH TO PROGRAMMED LEVELS AND TO MAN THE MODERN WARSHIPS WE ARE PLACING IN THE NRF."

ACCORDINGLY, THE NAVAL RESERVE ASSOCIATION STRONGLY SUPPORTS THE FOLLOWING RECRUITING/RETENTION INITIATIVES AS THE MOST COST-EFFECTIVE METHOD OF ESTABLISHING AND MAINTAINING THE PROFESSIONAL RESERVE FORCE SO ESSENTIAL FOR OUR NATION'S SURVIVAL:

o UNIT INCENTIVE PAY TARGETED SPECIFICALLY FOR HIGH-PRIORITY UNITS (NRF SHIPS) WHICH RECOGNIZES THE MORE ARDUOUS DUTY AND LONGER TRAINING PERIODS (CONTINUOUS 48-HOUR PERIODS VICE 4/8-HOUR DRILL DAYS) BY PROVIDING ENLISTED MEMBERS OF THOSE TYPE UNITS SPECIAL PAY NOT TO EXCEED $600 PER YEAR AS INCENTIVE TO REMAIN AFFILIATED WITH THOSE UNITS.

o SELECTED REENLISTMENT BONUS FOR TARS. AS ADMIRAL WATKINS STATED ABOVE, ENLISTED TARS GO TO SEA SIDE-BY-SIDE WITH THEIR ACTIVE DUTY COUNTERPARTS, YET RECEIVE NO SIMILAR BONUS INCENTIVE. EXISTING LAW LIMITS SELECTED REENLISTMENT BONUS AUTHORITY ONLY TO "REGULAR COMPONENTS".

  NRA VIEWS THIS NOT ONLY AS A FAIRNESS ISSUE, BUT ALSO AS A MOST NECESSARY INCENTIVE IF THE READINESS AND WARFIGHTING CAPABILITY OF THE NAVAL RESERVE FORCE IS TO BE MAINTAINED.

o ENHANCED SELRES BONUS PROGRAM. THIS PROGRAM IS TARGETED TO ATTRACT PRIOR-SERVICE PERSONNEL (I.E., EXPERIENCED VETERANS) WHO ARE BEYOND MINIMUM SERVICE OBLIGATION. THIS AFFILIATION GREATLY INCREASES READINESS AND, BECAUSE OF THEIR FLEET EXPERIENCE, GREATLY REDUCES TRAINING COSTS. THIS PROGRAM WILL BE PARTICULARLY EFFECTIVE IN REDUCING CRITICAL SKILL SHORTAGES WITHIN THE NAVAL RESERVE FORCE AND, THUS, RETURNS AN EXCEPTIONALLY LARGE "BANG FOR THE BUCK".

G.I. BILL

THIS MOST RECENT VERSION OF EDUCATIONAL ASSISTANCE WAS PASSED LAST YEAR.

A MEMBER CONTRIBUTORY PROGRAM, THE NEW G.I. BILL WAS INTENDED TO BE A SIGNIFICANT HELP IN THE AREA OF BOTH RECRUITING AND RETENTION. PASSED ON A THREE-YEAR TEST BASIS AND PUT INTO EFFECT LAST JULY, THE NEW G.I. BILL GOT OFF TO A VERY ENCOURAGING START. PRELIMINARY DATA INDICATES SOME 70% OF THE NEW RECRUITS IN THE ARMY TAKING ADVANTAGE OF THE PROGRAM. RESERVE PARTICIPATION HAS BEEN EXCELLENT WITH MORE THAN 18,000 MEMBERS OF THE RESERVES ENROLLED IN SCHOOL SINCE 1 JULY 1985.

IN AN ERA OF A DECLINING POOL OF ELIGIBLE RECRUITS, COMPETITION FOR INTELLIGENT, HIGH-QUALITY HIGH SCHOOL GRADUATES IS BECOMING INCREASINGLY KEEN. WHILE THE EFFECTS OF GRAMM-RUDMAN-HOLLINGS ON EDUCATIONAL ASSISTANCE TO MIDDLE-INCOME FAMILIES IS UNCERTAIN, NO ONE BELIEVES THIS TYPE OF ASSISTANCE WILL INCREASE IN THE NEAR FUTURE.

THE SEA AIR MARINER (SAM) PROGRAM OF THE NAVAL RESERVE SEEMS PARTICULARLY SUITED TO BENEFIT FROM THE NEW G.I. BILL INCENTIVE. ALL THINGS CONSIDERED, THE NAVAL RESERVE ASSOCIATION BELIEVES THE NEW G.I. BILL IS AN IDEA WHOSE TIME HAS COME.

CONSEQUENTLY, NRA WAS STUNNED WHEN THE FY-87 BUDGET REQUESTED NO FUNDS FOR THIS EXCELLENT PROGRAM, AND EVEN MORE INCREDIBLE, RUMBLINGS WERE HEARD THAT THE ADMINISTRATION WOULD ATTEMPT TO REPEAL THE AUTHORIZING LEGISLATION.

THE NAVAL RESERVE ASSOCIATION BELIEVES THESE ACTIONS ARE ILL-ADVISED AND CONTRA-PRODUCTIVE TO MANDATED RETENTION AND READINESS REQUIREMENTS OF THE RESERVE FORCE.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION RECOMMENDS RESTORATION OF THE FUNDING NECESSARY TO IMPLEMENT THIS PROGRAM IN THE FY-87 BUDGET AND STRONGLY OPPOSES ANY EFFORT TO SEEK REPEAL OF THIS VALUABLE INCENTIVE.

CAPT P.R. LUCCI, USNR (RET)

CAPTAIN P.R. LUCCI, OUR NATIONAL PRESIDENT, IS A RESIDENT OF BUFFALO, NEW YORK. HE TOOK HIS BACHELOR OF SCIENCE DEGREE AT STATE UNIVERSITY OF NEW YORK MARITIME COLLEGE AND HAS ATTENDED THE UNIVERSITY OF BUFFALO LAW SCHOOL. IN CIVILIAN LIFE HE IS PRESIDENT/GENERAL MANAGER OF A FAST FOOD RESTAURANT CHAIN, OWNER/OPERATOR OF MISTER DOUGHNUT FRANCHISES IN WESTERN NEW YORK AND PRESIDENT OF SEVERAL FOODSTUFFS WAREHOUSING AND DISTRIBUTION COMPANIES OPERATING THROUGHOUT THE EASTERN UNITED STATES.

HIS NAVAL RESERVE CAREER HAS INCLUDED ASSIGNMENTS AS CHAIRMAN, BUFFALO RECRUITING DISTRICT ASSISTANCE COUNCIL; COMMANDING OFFICER, NAVAL RESERVE SUPREME ALLIED COMMANDER DETACHMENT 205; AND COMMANDER NAVAL RESERVE READINESS COMMAND, SYRACUSE. HE RETIRED FROM THE NAVAL RESERVE IN JULY 1983. HE HAS BEEN ACTIVE IN MILITARY ORGANIZATIONS AND COMMITTEES INCLUDING THE NAVY LEAGUE OF THE U.S., THE PRESIDENT'S COMMITTEE FOR EMPLOYER SUPPORT OF GUARD AND RESERVE, THE MILITIA ASSOCIATION OF NEW YORK, THE NAVAL ORDER OF THE U.S., AND THE WESTERN NEW YORK ARMED SERVICES COMMITTEE. AMONG HIS MILITARY DECORATIONS ARE THREE NAVY COMMENDATION MEDALS.

CAPTAIN LUCCI'S PAST ACTIVITIES IN THE NAVAL RESERVE ASSOCIATION INCLUDE PAST PRESIDENT, NRA THIRD DISTRICT AND PAST NATIONAL VICE PRESIDENT FOR PUBLIC RELATIONS. OTHER CIVIC ACTIVITIES HAVE INCLUDED MEMBERSHIP ON THE EXECUTIVE COMMITTEE OF THE BUFFALO NAVAL AND SEAMAN'S PARK AND A PAST DIRECTOR OF THE BUFFALO YACHT CLUB.

CAPTAIN LUCCI LIVES WITH HIS WIFE, DOROTHY, IN BUFFALO. THEY HAVE THREE CHILDREN.

NATIONAL FEDERATION OF FEDERAL EMPLOYEES

STATEMENT OF JAMES PIERCE, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

ISSUES CONCERNING NFFE

Senator STEVENS. Is there a representative of the U.S. Defense Committee here?

If not, then our next witness will be the National Federation of Federal Employees.

Mr. PIERCE. Good morning, Mr. Chairman.

Senator STEVENS. I thought I was in the wrong committee room here.

Mr. PIERCE. Mr. Chairman, I will be most happy to summarize, assuming the complete statement will be entered into the record.

Senator STEVENS. Yes, sir.

Mr. PIERCE. The National Federation of Federal Employees appreciates the opportunity to present our views on fiscal year 1987 appropriations for the Department of Defense [DOD]. Since approximately half of our membership is employed by the DOD, we are especially interested in the subject of today's hearing. Of special concern to us are two issues:

The contracting out of Federal functions, and the future of the civilian technician program.

CONTRACTING OUT

Despite the existence of the Office of Management and Budget Circular A–76, which establishes guidelines for contracting out commercial and industrial-type activities, the procedures involved in converting these functions to the private sector are constantly abused and ignored.

In 1983 the administration changed the cutoff point below which cost comparison studies are not required. The revised circular states that Federal activities with 10 or fewer full-time equivalents may be contracted out without a cost comparison study.

A–76 REVIEW

The fiscal year 1986 DOD Authorization Act, Public Law 99–145, raised the cutoff point again, this time from 10 employees to 40. Under the act, DOD activities employing fewer than 40 civilians would not be required to perform a full A–76 review. Without a cost comparison analysis, the American taxpayer can never be certain whether a private contractor's performance of a commercial activity is less expensive.

The Defense Appropriations Committees modified the cutoff point change in the fiscal year 1986 defense appropriations bill by requiring agencies to complete a most efficient and cost-effective organization analysis and certification before a DOD activity employing more than 10 civilians, but fewer than 40 could be contracted out.

Raising the threshold for requiring A–76 studies makes it impossible to ensure that the taxpayers' dollars are properly spent, and that Federal workers are permitted to compete for their own jobs. On August 14, 1985, OMB published a revision to Circular A–76 which will further encourage performance by contract.

FEDERAL EMPLOYEE FRINGE BENEFIT FACTOR

The most disastrous effect of the revision is the increase in the cost of the Federal employee fringe benefit factors from 27.3 percent of payroll to 35.75 percent. The largest increase among the benefits is retirement, which increased from 20.4 percent of payroll under the 1983 circular to 27.9 percent under the OMB revision. The result of this revision is staggering.

NFFE is firmly opposed to raising the fringe benefit cost factor. It is nothing more than an attempt to skew cost comparison surveys in favor of private-sector contractors.

One of the greatest tragedies caused by increased contracting out is the Government's loss of institutional knowledge and expertise. Highly qualified Federal employees are forced into early retirement, the private sector, or simply into unemployment because their jobs are contracted out.

In many cases, the agency never retrieves the function because it no longer employs workers with the necessary skills. If the contractor performs poorly or consistently overcharges, the agency is virtually held hostage because the work must be completed and in-house expertise is no longer available.

Congress must take steps to protect tax dollars and ensure that civilian jobs are not lost merely to satisfy the administration's desire to give private industry a larger slice of the Federal budget.

At the very least, Congress should require equitable cost comparisons to determine the most efficient and least expensive manner to perform all Government functions, replacing the 1983 threshold of 10 FTE's.

Furthermore, we would like to see the fringe benefit factor lowered to the point where it accurately reflects the true Government cost.

CONTRACTING-OUT RESTRICTIONS

Thousands of Federal activities and billions of tax dollars are now wide open to potential abuse, especially within the DOD. NFFE strongly urges the subcommittee to prevent this by including legislative restrictions on contracting out in the fiscal year 1987 defense appropriations bill.

Civilian technicians have helped maintain the National Guard and the Reserves as an effective fighting force for many years. These technicians are called upon to provide full-time administration, supply, training, and maintenance support that has enabled each Reserve component to become a key link in our national defense structure.

The technician program has been plagued by problems during the last few years. In 1979, the Pentagon began converting technician positions to full-time military slots claiming that the use of active military was more cost efficient and more beneficial to the military effectiveness of the force.

AGR PROGRAM

However, the Department of Defense after several years of working under the Active Guard and Reserve [AGR] program, finally became aware that this is not the case.

As we have warned all along, the DOD found it difficult to recruit qualified active duty replacements for civilian technicians.

Congress finally recognized these problems when it placed a moratorium on further technician conversion in a continuing resolution enacted in December 1982.

In addition, the language in the fiscal year 1986 defense appropriations report directs that further conversion to technicians to Active Guard and Reserve status should not be made until a report is submitted to the committees outlining the Defense Department's efforts to resolve the problems associated with the full-time support program.

NFEE would like to see the number of AGR positions decreased and we hope that the positions already converted to active military will be switched back to civilian slots.

Nevertheless, the Department of Defense is asking a substantial increase in the AGR end strength for fiscal year 1987. NFEE again asks the subcommittee to reverse this request and keep the AGR program at its present ceiling or below.

We also request that the technician program be increased accordingly to meet the full-time support requirements of the Guard and Reserves in the most efficient and least expensive manner possible.

MILITARY EDUCATION PROGRAM

In addition to our concern about AGR increases, NFEE members have recently experienced serious problems with new training requirements for civilian technicians in the Army National Guard under the Military Education Program [MEP].

The new MEP requirements are intended to require that technicians possess military skills and educational backgrounds comparable to their Active Army counterparts. However, the Army National Guard has refused to grant credit to technicians for skills developed in other training programs, and will require technicians to retake many courses which they have successfully completed.

This is not just tedious for the civilian technicians affected by such requirements, it is extremely wasteful spending.

At this point, there simply are not enough slots available in the battle skills course for technicians to qualify by July 1. If the technicians do not take this course, they will lose credit for the many State courses they have taken over the years.

Clearly, the National Guard should either reconsider the worthiness of the additional training for technicians, or extend the deadline on the qualification through the alternate method for another year.

CLOTHING FOR CIVILIAN TECHNICIANS

NFEE has a final suggestion for National Guard civilian technician savings: To permit technicians to work in civilian clothes while they are in civilian status. H.R. 3968 has been introduced which would grant civilian technicians this right.

Based on the replacement of only two utility uniforms for wage grade employees and one dress uniform for general schedule employees, we estimate an annual cost savings of $4.1 million.

In these times of massive defense spending and mandated budget cuts under Gramm-Rudman-Hollings, Congress is looking at every possible way to reduce spending. Eliminating the requirement for civilian technicians to wear military uniforms is a feasible suggestion for cutting costs, with no adverse effect on readiness.

That concludes my statement. I will be happy to answer any questions.

[The statement of Mr. Pierce follows:]

PREPARED STATEMENT OF JAMES PIERCE
PRESIDENT
NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. Chairman and Subcommittee Members:

The National Federation of Federal Employees appreciates the opportunity to present our views on Fiscal Year 1987 appropriations for the Department of Defense (DOD). Since approximately half of our membership is employed by the DOD, we are especially interested in the subject of today's hearing. Of special concern to us are two issues, the contracting out of Federal functions, and the future of the civilian technician program.

Contracting Out

NFFE has long been concerned about the serious problems with the management and control of contracting procedures along with the repercussion of such problems on the Federal workforce. During the last five years, the Administration has been quite open about giving private industry a large slice of the Federal budget. While the exact cost of service-oriented contracts is not known, we estimate that at least $60 billion in Federal funds finds its way to private contractors each year. Yet, instead of tightening the oversight and control of such a large proportion of the Federal budget, the Administration has encouraged more contracting out.

Despite the existence of the Office of Management and Budget Circular A-76, which establishes guidelines for contracting out commercial and industrial-type activities, the procedures involved in converting these functions to the private sector are constantly abused and ignored. The results are cost overruns, shoddy workmanship, sole source contracts, and a waste of taxpayer dollars.

Already, previous revisions applied to the Circular have virtually destroyed cost efficiency, the primary concern of the American taxpayer. Until 1983, government policy stipulated that contracts should be awarded only when cost studies demonstrated it would be less expensive to perform the work under contract than in-house. The policy, which applied to Federal activities worth more than $100,000, protected the Government and the American taxpayer from paying unnecessarily high prices for essential goods and services.

The policy was spelled out in the Circular A-76, but in 1983 the Administration changed the cutoff point below which cost comparison studies are not required. The revised Circular states that Federal activities with 10 or fewer Full-Time Equivalents may be contracted out without a cost comparison study. These activities can be, and have been contracted out by agency heads without having to determine whether the work can be performed more efficiently by Government personnel.

The Fiscal Year 1986 DOD Authorization Act (Public Law 99-145) raised the cutoff point again, this time from 10 employees to 40. Under the Act, DOD activities employing fewer than 40 civilians would not be required to perform a full A-76 review. Without a cost comparison analysis, the American taxpayer can never be certain whether a private contractor's performance of a commercial activity is less expensive.

In response to the authorizing committee's action, the Defense Appropriations Committees modified the cutoff point change in the FY 1986 Defense Appropriations Bill by requiring agencies to complete a most efficient and cost-effective organization analysis and certification before a DOD activity employing more than 10 civilians but fewer than 40 could be contracted out. (Under this modified MEO and cost comparison, no conversion costs would be included, nor would there be any appeal rights. It is simply a provision to ensure that the Government is performing a function in the most efficient and cost effective manner before its costs are compared with those of a contractor.) NFFE is currently working to ensure that the Armed Services Committees do not repeal this contracting out restriction in the Supplemental Defense Authorization Bill for FY 1986.

Even when cost comparison studies are used, the agency is not protected from cost overruns. For example, the Precision Measurement Equipment Laboratory at Warner Robins Air Logistics Center in Georgia estimated savings to be $656,878 from October 1, 1979 to September 30, 1982. First, the initial contractor lost the contract due to performance problems and the Air Force subsequently paid the contractor $300,000 for the agency's failure to state adequately the conditions of the contract. The payment for these costs and the increased contract cost for the second contractor exceeded the Air Force's in-house cost approximately $798,000 during the first 18 months of the initial contract. This figure does not include the cost of unemployment or welfare benefits which may have been received by displaced Federal employees. (GAO/NSIAD, April 15, 1985)

Raising the threshold for requiring A-76 studies makes it impossible to ensure that the taxpayers' dollars are properly spent, and that Federal workers are permitted to compete for their own jobs. On August 14, 1985, OMB published a revision to Circular A-76 which will further encourage performance by contract. The most disastrous effect of the revision is the increase in the cost of the Federal employee fringe benefit factors from 27.3 percent of payroll to 35.75 percent. The largest increase among the benefits is retirement, which increased from 20.4 percent of payroll under the 1983 Circular to 27.9 percent under the OMB revision. The result of this revision is staggering.

Already the Department of Engineering and Housing at Fort Ritchie, Maryland has lost a bid to a contractor solely because of the increase in the fringe benefit cost factors. The employees, who are represented by NFFE Local 1153, provide many services to the Army post, including the maintenance of the heating and refrigeration systems, as well as general maintenance of the post facilities. Seventy positions were affected when the bids were opened at the end of September. During the study, employees diligently assisted management in recording the numerous duties which they performed, and the operation had been streamlined effectively to achieve the Most Efficient Organization. Nevertheless, shortly before the bids were opened, the in-house costs had to be corrected to adjust for the new OMB increases in fringe benefit costs. The resulting in-house operation cost was only $400,000 more than the winning contractor's bid for the five-year, multi-million dollar project.

To add insult to injury, the contract will be cost-plus, which could easily exceed the $400,000 savings in less than a year if the contractor understated the price for required equipment and products. Furthermore, the entire Technical Evaluation Committee, which reviews the management study and evaluates the ability of the contractors to perform the work, determined that the contractor was unresponsive and incompetent. The Committee thus recommended that the activity be retained in-house. Nevertheless, the contracting officer provided this particular contractor an opportunity to respond to the Committee's negative comments and remarks. (This same opportunity was not provided to any other contractor.) After receiving the contractor's response, the Committee continued to recommend in-house performance. The contracting officer, ignoring these recommendations, retained the contractor as the lowest bidder.

Examples such as this have made a mockery of the cost comparison process. Not only will the Government eventually lose money because the contractor's expertise is not equal to that of the in-house operation, but seventy employees will lose their jobs.

NFFE is firmly opposed to raising the fringe benefit cost factor. It is nothing more than an attempt to skew cost comparison surveys in favor of private sector contractors, as we clearly see from the situation at Fort Ritchie. OMB's justification for changing the retirement cost factor is use of the "full dynamic normal cost" of the Civil Service Retirement System. The dynamic normal cost is based on assumptions of 5 percent annual inflation, 5.5 percent future pay increases, and 6.5 percent interest. First of all, the assumptions used by the Civil Service Retirement System to estimate future costs are inconsistent with the lower pay raises and cost-of-living adjustments received by Federal employees and retirees in the past several years. In addition, the fringe benefit cost factor for retirement does not reflect the expected changes relating to the post-1983 employees covered by Social Security.

The 27.9 percent retirement cost was derived by the Office of Personnel Management for purposes of financing calculations, not cost comparison. OMB's previous fringe benefit cost factor for retirement was 20.4 percent of payroll, and was based on a different set of assumptions than those used by OPM for financing purposes. Because the Administration is apparently committed to reducing the number of Federal employees, OMB has decided to apply OPM's 27.9 percent retirement factor to the Circular A-76. Obviously, the increase makes it more difficult for Federal employees to compete for their jobs with contractors, and paves the way for reductions-in-force.

One of the greatest tragedies caused by increased contracting out is the Government's loss of institutional knowledge and expertise. Highly qualified Federal employees are forced into early retirement, the private sector, or simply into unemployment because their jobs are contracted out. In many cases, the agency never retrieves the function because it no longer employs workers with the necessary skills. If the contractor performs poorly or consistently overcharges, the agency is virtually held hostage because the work must be completed and in-house expertise is no longer available.

Congress must take steps to protect tax dollars and ensure that civilian jobs are not lost merely to satisfy the Administration's desire to give private industry a larger slice of the Federal budget. At the very least, Congress should require equitable cost comparisons to determine the most efficient and least expensive manner to perform all Government functions, replacing the 1983 threshold of ten FTEs. Normally, Federal workers should operate an activity at a much lower cost, and we are confident that an accurate cost comparison process will bear this out. However, in those cases where it can be truly shown that contractors can do a better job for less money, then they should be given that opportunity. Furthermore, we would like to see the fringe benefit factor lowered to the point where it accurately reflects the true government cost.

In summary, the Department of Defense, as well as other departments, should be required to convert civilian jobs to the private sector only for the right reasons: cost efficiency and quality performance. Thousands of Federal activities and billions of tax dollars are now wide open to potential abuse, especially within the DOD. NFFE strongly urges the Subcommittee to prevent this by including legislative restrictions on contracting out in the Fiscal Year 1987 Defense Appropriations Bill.

The Civilian Technician Program

During the past several years, NFFE has appeared before the Subcommittee many times to discuss the civilian technician program. Civilian technicians have helped maintain the National Guard and the Reserves as an effective fighting force for many years. These technicians are called upon to provide full time administration, supply, training and maintenance support that has enabled each Reserve component to become a key link in our national defense structure. The Defense Department has recognized that civilian technicians are the group best able to accomplish the task of performing this critical mission. Today, technicians are stationed in every state and territory and at thousands of bases and armories, constantly ensuring that our forces are ready to meet any crisis.

The technician program has been plagued by problems during the last few years. In 1979, the Pentagon began converting technician positions to full time military slots claiming that the use of active military was more cost efficient and more beneficial to the military effectiveness of the force. However, the Department of Defense after several years of working under the Active Guard and Reserve (AGR) program, finally became aware that this is not the case. It has been shown through recent studies that the cost of the AGR program is more expensive than the civilian technician program. Moreover, the conversion program has done nothing to improve the readiness of the Guard and Reserves. On the contrary, it has only weakened it. As we have warned all along, the DOD found it difficult to recruit qualified active duty replacements for civilian technicians. This was especially true in the Wage Grade area, which comprises nearly half of the technician work force. Not only did the civilian technicians not wish to convert from their civilian positions to military positions, but the DOD had to reduce qualifications in order to fill these military positions and increase the pay as an incentive to recruit full-time active employees. Readiness also suffered because of a loss of experienced technician personnel.

Due to the pay raises that the military has received in the past few years, and the pay cap on civilian employees' pay, military personnel costs have risen more than anticipated when the AGR program was conceived. Congress finally recognized these problems when it placed a moratorium on further technician conversion in a continuing resolution enacted in December of 1982. Congress extended the moratorium through FY 1984 and also placed a ceiling on AGR positions in FY 1985. In addition, the language in the FY 1986 Defense Appropriations report directs that further conversion to technicians to Active Guard and Reserve status should not be made until a report is submitted to the Committees outlining the Defense Department's efforts to resolve the problems associated with the full-time support program. NFFE would like to see the number of AGR positions decreased and we hope that the positions already converted to active military will be switched back to civilian slots.

In 1982, in testimony before the House Committee on Appropriations, Acting Deputy Assistant Secretary of Defense, John Brinkerhoff, testified that his goal was to accomplish the mission with the least cost. This can be done with the civilian technicians we presently have. Nevertheless, the Department of Defense is asking a substantial increase in the AGR end strength for Fiscal Year 1987. NFFE again asks the Subcommittee to reverse this request and keep the AGR program at its present ceiling or below. We also request that the technician program be increased accordingly to meet the full time support requirements of the Guard and Reserves in the most efficient and least expensive manner possible.

In addition to our concern about AGR increases, NFFE members have recently experienced serious problems with new training requirements for civilian technicians in the Army National Guard under the Military Education Program (MEP). The new MEP requirements are intended to require that technicians possess military skills and educational backgrounds comparable to their active Army counterparts. However, the Army National Guard has refused to grant credit to technicians for skills developed in other training programs, and will require technicians to retake many courses which they have successfully completed. In some cases, technicians are even being required to take courses which they are teaching at the state level. This is not just tedious for the civilian technicians affected by such requirements, it is extremely wasteful spending.

The main cause of disruption is the July 1, 1986 deadline for technicians to enroll in the "alternate training method." This method allows technicians to meet MEP requirements for promotion by taking the RCNCOES course, the battle skills course and achieving Military Occupational Specialty qualification. The prior training taken by the technicians would be credited towards MEP qualification. Unfortunately, the requirements for qualification and the availability of the alternate method were not communicated to technicians until very recently. At this point, there simply are not enough slots available in the battle skills course for technicians to qualify by July 1. If the technicians do not take this course, they will lose credit for the many state courses they have taken over the years.

The local commander at the Utah Army National Guard has vehemently opposed the training, calling it "repetitive, irresponsible, and certain to have an adverse impact on the mission." At the Utah facility, there are currently 62 applicants for the newly required courses, but only three slots available. The request for a waiver of the deadline was denied by higher authorities. Clearly, the National Guard should either reconsider the worthiness of the additional training for technicians, or extend the deadline on the qualification through the alternate method for another year.

NFFE has a final suggestion for National Guard civilian technician savings: to permit technicians to work in civilian clothes while they are in civilian status. Civilian technicians turn in uniforms rendered unserviceable due to wear and tear, and are reissued new uniforms at no cost to the technician. Based on the replacement of only two utility uniforms for Wage Grade employees and one dress uniform for General Schedule employees, an annual cost savings of $4.1 million could be realized.

Furthermore, because of the current requirement to wear the military uniform while in a civilian status, extra clothing and special equipment must be issued to each civilian technician. Based on an average of data compiled from five states, civilian technicians are issued $9.9 million worth of additional equipment. If technicians were not required to wear the military uniform, this equipment could be returned to the supply system for reissue.

In these times of massive defense spending and mandated budget cuts under Gramm-Rudman-Hollings, Congress is looking at every possible way to reduce spending. Eliminating the requirement for civilian technicians to wear military uniforms is a feasible suggestion for cutting costs, with no adverse effect on readiness.

That concludes my statement. I will be happy to answer any questions.

BATTLE SKILLS COURSE

Senator STEVENS. There is a deadline on that of July 1?

Mr. PIERCE. Yes, sir; to qualify that a little further, the National Guard Bureau when they first put this out to the States, I think was at fault insofar as they did not instruct the AG's in the various States to immediately communicate this to the civilian technicians.

We have found that as of today, at least last month, many of the technicians did not know of this requirement.

Senator STEVENS. This is a battle skills course that you must have before you can be eligible for either retention or advance?

Mr. PIERCE. Promotion; yes, sir.

Senator STEVENS. Very well; I will ask the staff of this committee to look into that. We will inform the staff of the other subcommittee also.

COMMUNICATION

Mr. PIERCE. I might add, Mr. Chairman, we have written the head of the National Guard Bureau relative to this. We will be glad to supply you with a copy of that letter also.

Senator STEVENS. We will be pleased to have that.

Thank you.

AMERICAN PSYCHIATRIC ASSOCIATION

STATEMENT OF DR. AARON SATLOFF, M.D., AMERICAN PSYCHIATRIC ASSOCIATION

MEDICAL PEER REVIEW PROGRAM

Senator STEVENS. Our next witness represents the American Psychiatric Association.

Dr. SATLOFF. Thank you, Mr. Chairman.

I am prepared to abbreviate my prepared remarks, but I would like the statement to be put in the record in its entirety, if I may.

Senator STEVENS. Yes, sir; we will do that.

Dr. SATLOFF. My name is Dr. Aaron Satloff, associate professor of psychiatry at the University of Rochestesr School of Medicine, upstate New York; also vice chairman of the American Psychiatric Association's Committee on the CHAMPUS and Peer Review Program.

The APA, a medical specialty society representing over 32,000 psychiatrists nationwide, appreciates this opportunity to again testify before the committee in support of its ongoing cost-effective program of medical peer review now covering both in-patient and out-patient psychiatric care delivered to CHAMPUS eligible dependents.

Fully recognizing your Appropriations Committee's important role in balancing the needs of the Nation's defense effort with the need for high-quality health care for members of the armed services and their dependents, we can confidently testify today that since the advent of our psychiatric peer view partnership with CHAMPUS in 1974, mental health costs have been effectively managed without compromising the availability of necessary treatment for CHAMPUS beneficiaries.

Your leadership in preserving this program through committee report language in the fiscal year 1984 and 1985 DOD appropriations bills helped to pave the way for the successful peer review partnership.

At this juncture I would like to request that an Army Times story about the issue of CHAMPUS arbitrary hospitalization limit on mental illness be included in the hearing record at the conclusion of my remarks.

At least 2 million children are now numbered among the dependent population. I am sure you know, Mr. Chairman, in addition, military children are commonly regarded as having relatively more psychologic stresses than their civilian counterparts. According to Dr. Richard Ridenour, chief advisor to the Navy in psychiatry:

> Pressures include direct separations, regular relocations to different communities, subordination of family life to the dictum that "the mission comes first," fears of loss due to death, injury, or capture, and the feelings of isolation from those in civilian communities. Although the families of police officers, physicians, or corporate executives may know one or two of these stresses, there may be no other major group that confronts all of them.

WAIVER CRITERIA AND REVIEW

As we have often stated before Congress, there exists a need for professionally acceptable waiver criteria and review by trained medical professionals.

We appear before you today to state that the APA's peer review partnership with CHAMPUS as presently constituted does assure that proper clinical decisions are rendered at a time when medical interventions is critical. Failure to adequately diagnose and treat mental illness in the young population has proven to have a significant negative lifelong impact on healthy development.

From the cost containment point of view and on the other side of the coin, so to speak, we feel you will be pleased to know that our statistical data reveal that peer review resulted in recommendations that some 5,626 requested in-patient days not be allowed.

While it is difficult to compute actual cost savings, we can make some estimations. If the psychiatric bed costs on the average of $300 a day and psychiatric care attendent to that hospital care costs on the average of $50 a day, we can see that peer review saved the Government almost $2 million during calendar year 1985.

We should acknowledge that the 5,626 accute in-patient days not allowed in no way represent proposed abuse. The majority, if not all, of the patients concerned were in need of some treatment. Yet given the type of criteria that we have established, reviewers concluded accute care in an accute hosptial setting was not justified when some level of care continued to be required by patients, alternative arrangements were always made.

CHAMPUS PERCENTAGE OF BUDGET

At this time we feel appropriate to clarify the oft-stated view that psychiatric care constitutes a higher percentage of the CHAMPUS budget than it does under third-party payment programs. This is because the CHAMPUS beneficiary population with psychiatric disorders only receive care from the military hospital system "subject to the availability of space and facilities and to the capabilities of the medical and dental staff" (section 1076, title 10, U.S. Code).

As you know, military hospitals do not have the staff or resources to provide comprehensive psychiatric services to the beneficiary population to the same degree that we have surgical, obstetrical, or internal medicine resources. Even the seriously mentally ill active duty member is usually discharged and referred to the Veterans Administration for long-term care.

Thus, while the beneficiary has a choice between care in a military hospital at the expense of the military hospital budget or in a civilian hospital at the expense of CHAMPUS, the reality of the situation is that if he or she needs psychiatric care, it will necessarily be provided in the civilian hospital sector.

Thus, the rather low amount spent on treatment of mental disorders by the military hospital system is not indicative of utilization or need, but rather of the system's limited resources.

To determine the military health care delivery systems—CHAMPUS and military hospitals—actual costs of providing mental health services, one must combine the costs of both subsystems and then compare the results with other programs; for example, the Federal Employees Health Benefit Program.

FIXED-PRICE CONCEPT

We know that you are aware of the DOD plans to seek bids on proposals to restructure the CHAMPUS delivery system so that basic medical care is operated through a system of civilian contractor-operated primary care gateways. This type of fixed-price concept has already been tested in the Norfolk area for mental health care.

While the proposal will require contractors to provide at least the benefits covered under the current CHAMPUS program, we urge the Appropriations Committee to exercise careful oversight authority to assure that cost saving pressures do not necessitate a reduction in benefits.

As you know, benefits for coverage of mental illness are often the first to be reduced or eliminated when insurance companies or third-party payers operate under fiscal pressures created by fixed-cost contracts.

We also continue to share this committee's interest in the development of a partial hospital benefit in order to assure that those individuals who need greater supervision than can be provided in an outpatient setting, but who do not need the intensive 24-hour, in-patient level of care, will have the necessary psychiatric services available to them.

All too often our reviewers conclude a patient no longer needs acute in-patient care and could continue to receive appropriate care in a partial or day hospital setting. We are concerned that CHAMPUS is moving too slowly in developing a partial hospital benefit and look to your leadership in moving CHAMPUS toward a more comprehensive benefit package.

Thank you, Mr. Chairman, for this opportunity to appear before your committee and we would look forward to working with you in a continued development of a responsible psychiatric treatment benefit package with protection of patient medical record confidentiality for all CHAMPUS beneficiaries.

Senator STEVENS. Thank you very much.

We look forward to reviewing that Department recommendation along with the Authorizing Committee. We will be pleased to have the help of your Association.

Dr. SATLOFF. Thank you, sir.

[The statement of Dr. Satloff follows:]

American Psychiatric Association

STATEMENT

PRESENTED BY

AARON SATLOFF, M.D.
VICE-CHAIRMAN, APA COMMITTEE ON THE CHAMPUS PEER REVIEW PROGRAM

My name is Dr. Aaron Satloff, Associate Professor of Psychiatry at the University of Rochester School of Medicine. I am also Vice Chairman of the American Psychiatric Association's Committee on the CHAMPUS Peer Review Program. The American Psychiatric Association (APA), a medical specialty society representing over 32,000 psychiatrists nationwide, appreciates this opportunity to again testify before the Committee in support of its ongoing cost-effective program of medical peer review, now covering both inpatient and outpatient psychiatric care delivered to CHAMPUS-eligible dependents.

Fully recognizing your Appropriations Committee's important role in balancing the needs of the nation's defense effort with the need for high quality health care for members of the Armed Services and their dependents, we can confidently testify today that since the advent of our psychiatric peer review partnership with CHAMPUS in 1974, mental health care costs have been effectively managed without compromising the availability of necessary treatment for CHAMPUS beneficiaries. Your leadership in preserving this program of psychiatric peer review through Committee report language in the FY '84 and '85 D.O.D. Appropriation bills helped to pave the way for this successful peer review partnership.

Mr. Chairman, you may recall that our association initially opposed bill language in the FY '83 Department of Defense Appropriation Act which read:

> "None of the funds appropriated by this Act shall be available to pay claims for inpatient mental health services provided under the Civilian Health and Medical Program of the Uniformed Services in excess of sixty days per patient per year."

Immediately we became concerned over the likely negative impact of this sudden restriction in benefits for beneficiaries in inpatient treatment facilities and sought to work with both the House and Senate Subcommittees to develop necessary clarifying language. We were pleased that this language was amended to read that such limitation would not apply to inpatient mental health services

> "provided pursuant to a waiver for medical or psychological necessities, granted in accordance with findings of current peer review, as prescribed in guidelines established and promulgated by the Director, Office of the Civilian Health and Medical Program of the Uniformed Services."

We feel now, as then, that this "waiver" provision is needed to assure appropriate treatment.

Unfortunately, the authorizing committees in subsequent legislation (the FY '84 Department of Defense Authorization Act) codified this language with a major modification (developed without public hearing) authorizing waivers of the 60-day limitation only under

> "extraordinary medical or psychological circumstances that are confirmed by review by a non-Federal health professional pursuant to regulations prescribed by the Secretary of Defense."

Mr. Chairman, the APA continues to oppose this Section 931. We maintain that limitations of this nature results from grave misconceptions about the nature and treatment of mental illness. Moreover, such limitations stigmatize the mentally ill patient for as you know mental illness, like physical illness, strikes in a wholely random fashion. A large number of CHAMPUS patients requiring treatment beyond 60 days are psychotic while another large number are children and adolescents with severe emotional and behavioral disorders.

And, at this junction I ask that an Army Times story, about the issue of CHAMPUS' arbitrary hospitalization limit on mental illness, be included in the hearing record at the conclusion of my remarks.

At least two million children are now numbered among the dependent population. I am sure you know, Mr. Chairman, that in addition military having relatively more psychologic stresses than their civilian counterparts. According to Dr. Richard Ridenour, Chief Advisor to the Navy in Psychiatry,

> "Pressures include frequent separations; regular relocations to different communities; subordination

> of family life to the dictum that "the mission come first", fears of loss due to death, injury or capture, and the feelings of isolation from those in civilian communities. Although the families of police officers, physicians or corporate executives may know one or two of these stresses, there may be no other major group that confronts all of them."

As we have often stated before Congress there exists a need for professionally-acceptable waiver criteria and review by trained medical professionals. We appear before you today to state that the APA's peer review partnership with CHAMPUS -- as presently constituted -- does assure that proper clinical decisions are rendered at a time when medical intervention is critical. Failure to adequately diagnose and treat mental illness in this young population has been proven to have a significant negative lifelong impact on healthy development. Additionally, we maintain that review of a medical treatment plan outlining necessary treatment to a mentally ill beneficiary should be a representative medical judgment -- as is the case with the existing peer review program -- and not the one such as could be created by the "a non-Federal health professional" statutory provision. Nevertheless, we understand that the interest of expediting claims processing the CHAMPUS office continues to promote review by a single individual.

At this time, we wish to bring to the attention of Congress that in the context of processing waivers to the limitation on inpatient psychiatric treatment, it is imperative to maintain and protect the confidentiality of medical records. This is based on the critical differences between medical records accumulated in the general health care delivery system and the information which constitutes psychiatric or psychological treatment notes and on the unique nature of the psychotherapeutic situation. Mr. Chairman, the psychotherapeutic situation is unique and as such has been recognized in law. Successful medical psychotherapy requires the absolute guarantee of the confidentiality of patient/therapist communications. Confidential case notes, accumulated through the course of treatment, belong neither to the patient nor the providing institution. Rather, they are the property of the treating professional, serving solely as tools in the process of diagnosis and treatment. Confidentiality of the details of this clinical interchange is critical to the efficacy of psychiatric treatment and must be protected.

In a recent Massachusetts Supreme Judicial Court ruling, Commonwealth v.

Kobrin, the Court held, in referring to those portions of the records which reflect patients' thoughts, feelings and impressions, or contain the substance of the psychotherapeutic dialogue, such need be protected and not be available even if it were needed to document fraud in a Medicaid case.

The recent data outlining the success of our peer review effort is a tribute to the role of the Appropriations Committee in assuring the professional involvement of psychiatrists in the waiver determination process. We want you to know that during calendar year 1985, despite an estimated 2,243 inpatient cases eligible for peer review CHAMPUS referred 279 cases to the APA for peer review of medical treatment. Significantly, in recent years we have found that many physicians will seek only a few days extension, as opposed to past years when reviewers routinely processed claims for 30 or more additional days. In fact, total number of days requested in 1985 was 10,425. The psychiatric reviewers then applied the CHAMPUS criteria (i.e., 1) the patient is a significant risk to self or a danger to others, or 2) the patient has medical complications and requires hospital care) and made one of several possible recommendations:

A) That the requested waiver be denied.

B) That the requested waiver be approved and the requested days be allowed.

C) That the requested waiver be approved, but that a lesser number of days be approved.

The 279 cases reviewed resulted in peer review recommendations that denied 5,626 or 54% of requested days and approved 4,799 or 46% of requested days. Had there been an absolute limitation of 60 days, without medical peer review, it is clear that many beneficiaries would have been faced with premature termination of their in-hospital benefits and accompanying treatment plans. With the waiver provision, however, some 4,799 days over the initial 60 days were recommended for CHAMPUS beneficiaries so that either essential treatment could be continued or appropriate alternative arrangements could be made.

From the cost containment point of view, we feel you would be pleased to know that the data reveals that peer review resulted in recommendations that some 5,626 requested inpatient days not be allowed. While it is difficult to compute actual cost savings, we can make some estimations. If a day in a psychiatric bed cost on the average of $300 per day and the psychiatric care attendant to that hospital care cost on the average of $50 a day we could say that peer review "saved" the Government $1,969,100 during calendar year 1985. That is, of course, an oversimplification, for many of the patients involved continued to receive psychiatric care in different settings. Many of the adolescents were placed in residential treatment programs. Others were continued in outpatient treatment and some who were chronic and permanently disabled were in all probability placed in nursing homes or state institutions where we would suspect that CHAMPUS continues to pay some part of the resultant costs but at a lower per diem rate.

We should acknowledge that the 5,626 acute inpatient days not allowed in no way represent proposed abuse. The majority, if not all, of the patients concerned were in need of some treatment yet, given the tight criteria which we have established, reviewers concluded that continued care in an acute care hospital setting was not justified. When some level of care continued to be required by the patients, alternative arrangements were made.

The ages of the patients whose care was subjected to peer review under the 60-day waiver provision is significant. They are as follows:

Age of Patient under 5 years	Number of Requests for Waiver
1 - 5	1
5 - 10	16
11 - 15	91
16 - 20	78
21 - 25	18
26 - 30	11
31 - 35	14
36 - 40	8
41 - 45	10
46 - 50	11
51 - 55	6
56 - 60	11
61 - 65	6
over 65	1
TOTAL:	279

The distribution by sex of the patients was 167 female and 112 male. It is worth noting that 57 percent of the waiver requests involve individuals under the age of 21. The largest single group is the 11 - 15 age group verifying our concern three years ago that children and adolescents would be the most adversely affected population by the 60-day limitation absent an effective peer review system.

At this time we feel appropriate to clarify the oft-stated view that psychiatric care constitutes a higher percentage of the CHAMPUS budget than it does under other third-party payment programs. This is because the CHAMPUS beneficiary population with psychiatric disorders only receives care from the military hospital system "subject to the availability of space and facilities and to the capabilities of the medical and dental staff." (Section 1076, Title 10, U.S. Code). As you know, military hospitals do not have the staff or resources to provide comprehensive psychiatric services to the beneficiary population to the same degree that they have surgical, obstetrical or internal medicine resources. Even the seriously mentally ill active duty member is usually discharged and referred to the Veterans' Administration for long-term care. Thus, while a beneficiary has a choice between care in a military hospital at the expense of the military hospital budget or in a civilian hospital at the expense of CHAMPUS, the reality of the situation is that if he/she needs psychiatric care it will necessarily be provided in the civilian hospital sector.

Thus, the rather low amounts spent on treatment of mental disorders by the military hospital system is not indicative of utilization or need but rather of the system's limited resources. To determine the military health care delivery system's (CHAMPUS and military hospitals) actual costs of providing mental health services, one must combine the costs of both subsystems and then compare the results with other programs, e.g. Federal Employees Health Benefits Program.

We know that you are aware of the DOD's plans to seek bids on a proposal to restructure CHAMPUS' delivery system so that basic medical care is operated through a system of civilian contractor-operated "primary care gateways." This type of fixed-price concept is already being tested in the Norfolk, Virginia area for mental health care. While the proposal will require contractors to provide at least the benefits covered under the current CHAMPUS program, we urge the Appropriations Committees to exercise careful oversight authority to assure that cost-savings pressures do not necessitate a reduction in benefits. As you know, benefits for coverage of mental illness are often the first to be reduced or eliminated when insurance companies and third party payors operate under fiscal pressures created by fixed cost contracts.

We also continue to share this Committee's interest in the development of a partial hospitalization benefit in order to assure that those individuals who need greater supervision than can be provided in an outpatient setting, but who do not need the intensive 24 hour inpatient level of care, will have the necessary psychiatric services available to them. All too often our reviewers conclude that a patient no longer needs acute inpatient care and could continue to receive appropriate care in a partial hospital setting. We are concerned that CHAMPUS is moving too slowly in developing a partial hospitalization benefit and look to your leadership in moving CHAMPUS towards a more comprehensive benefit package.

Thank you, Mr. Chairman, for this opportunity to appear before your Committee and we look forward to working with you in the continued development of a responsible psychiatric treatment benefit package, with protection of patient medical record confidentiality, for all CHAMPUS beneficiaries.

The American Legion

STATEMENT OF MICHAEL G. SCHLEE, DIRECTOR, NATIONAL SECURITY/ FOREIGN RELATIONS COMMISSION, THE AMERICAN LEGION

NATIONAL SECURITY/FOREIGN RELATIONS COMMISSION

Senator STEVENS. Our next witness represents the Institute of Electrical and Electronics Engineers.

Are you here, Mr. Larsen?

[No response.]

Senator STEVENS. We will go on, then, to the National Legislative Commission of the American Legion.

Mr. SCHLEE. Good morning, Mr. Chairman.

I am Mike Schlee, director of the National Security/Foreign Relations Commission of The American Legion.

We are pleased again to present the views of the American Legion on the national defense needs of our country. We do not envy you your task this year.

The proposed reorgnization of the JCS, the issue of SALT II compliance, the impact of Gramm-Rudman-Hollings, and proposals to reform the military retirement system certainly will impact decidedly in this year of decision.

As an organization with a multiplicity of interests, we are aware of the impact that fewer Federal dollars will have on a wide variety of programs. To illustrate the Legion's concern for the national security needs of our Nation, we would like to submit the attached resolutions and request they be made part of the record.

According to our analysis, the administration's fiscal year 1987 budget request as submitted will fulfill the goals of these resolutions to ensure the peace and security of the United States.

Over the past 5 years a rather substantial redirection of the Armed Forces has been accomplished. Because of these improvements, we feel the world is a safer place and the arms control process has been enhanced.

The annual exercise of debating the defense budget is really a debate of national will, a debate of how far we are willing to go in terms of allocation of taxpayers' dollars to ensure the continuation of our way of life on this continent.

To this end, there are several areas of importance to our membership that we would like to emphasize today.

CHEMICAL WEAPONS CAPABILITY UPGRADE

First, we are pleased that the Congress has agreed to upgrade chemical weapons capability of the Armed Forces. The expenditure of funds for the demilitarization and destruction of obsolete stocks of chemical weapons and eliminate a potential environmental tragedy is justified.

Equally important is the decision to begin to procure new stocks of modern and safe binary weapons. It is no secret that the Soviet armed forces are trained, equipped, and structured to conduct offensive and defensive chemical warfare.

We also note that the Soviets seemed to have no interest in the progress of talks to ban chemical weapons until the United States demonstrated its resolve by return to the procurement of chemical weapons 1 year ago.

STRATEGIC DEFENSE INITIATIVE

Our next subject concerns what we consider to be the most important step taken recently to modernize our Armed Forces to advance science and, at the same time, make the world a safe place; namely, the Strategic Defense Initiative.

The ability of this Nation to respond to technical challenges today is still unmatched by any other nation. If we choose to develop a Strategic Defense Initiative, I believe we can do so.

We urge enough funds to continue aggressive research on this important initiative.

Mr. Chairman, The American Legion is also becoming more and more concerned over the trend in military pay in the past several years. Recent surveys as well as studies conducted in the last several years indicate that real military compensation has fallen behind civilian salaries. There is no question but that we do not want to return to the days of a hollow Army, or a Navy that is short 20,000 middle-level supervisors.

To remedy this problem in part, the President has requested a 4-percent increase in the pay of active duty personnel to the upcoming fiscal year. A 4-percent raise, in our opinion, is a step in the right direction.

Mr. Chairman, this country has spent 6 years and a lot of money to recruit, train, equip, and field the finest military force in the world, but these efforts might well be wasted if we do not reassure the people of our Armed Forces that we seek to protect their interests and we all appreciate their service and sacrifice for our country.

Mr. Chairman, The American Legion fully understands that the Nation is facing striking economic challenges. However, we cannot think that we can afford to revert to the fortress America of this country's past.

An inward looking country would no longer have the will to protect its worldwide interests. To continue to compete, we must, as a nation, remain strong.

Mr. Chairman, we again urge a continued and bipartisan spirit of resolve on these issues.

Thank you.

Senator STEVENS. Thank you very much.

We will print all of the resolutions from the 66th annual convention in Salt Lake in the record after your complete statement.

[The statement of Mr. Schlee follows:]

Statement of

The American Legion

by

JOSEPH E. MILLER, ASSISTANT DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION

and

MICHAEL G. SCHLEE, DIRECTOR
NATIONAL SECURITY/FOREIGN RELATIONS COMMISSION
THE AMERICAN LEGION

Mr. Chairman, we are pleased to again present the views of The American Legion on the national defense needs of our country. We do not envy you your task. As you know, The American Legion feels that this year is one of critical importance to the future direction of national security policy for the United States. The reorganization of the Joint Chiefs of Staff, new roles for the Chairman of the Joint Chiefs, SALT II compliance, the impact of Gramm-Rudman-Hollings legislation on funding levels for the Department of Defense, military retirement reform and the impact that these changes will have on recruiting and personnel policies will be actively considered by Congress this year.

As an organization with a multiplicity of interests we are aware of the impact that fewer federal dollars will have on a wide variety of programs. Indeed, during the month of April, American Legion representatives will participate in seventeen hearings on various subjects of interest to our organization including two dealing with the national defense. To illustrate the Legion's understanding of the national security needs of our nation we would like to submit the attached resolutions and request that they be made a part of the record. According to our analysis, the Administration's FY '87 budget request, as submitted, will largely fulfill the goals of these resolutions to ensure the peace and security of the United States.

The mission of the armed forces is to protect the interests of the United States in any area around the world. The armed forces do not determine what or where those interests are -- that is done by the President in consultation with the Congress. But the armed forces must be prepared to respond adequately to any threat to the national interests of the United States.

Over the last five years, a rather substantial redirection of the armed forces has been accomplished. The United States Army to include the Army reserves and the National Guard are receiving modern battlefield equipment such as the M-1 tank and the Bradley fighting vehicle. The Navy already has six hundred ships either under construction or under contract and funded. The Air Force is beginning to deploy the new B-1 bomber, new squadrons of cruise-missile armed B-52 bombers and the new MX missile will be deployed soon. Because of these and many other improvements, we feel the world is a safer place and the arms control process has been enhanced. We also feel that meaningful arms control is a desirable goal for the United States to pursue. However, it has been our observation that substantive discussions with the Soviet Union on arms control has always been the result of a demonstration of U.S. resolve, not the result of unilateral restaint. The defense buildup of the last five years has shown that resolve and is the result of a bipartisan effort. Because of our varied interests and involvement in many programs of interest to this subcommittee, we are in a somewhat unique position to see how that spirit of bipartisanship has been absolutely necessary to the rebuilding of the armed forces that has been achieved thus far. We also recognize that the future of these programs, as well as others of importance to the national defense will depend absolutely on our ability to continue that bipartisan spirit of cooperation.

The annual exercise of debating the defense budget is really a debate of national will, a debate of how far we are willing to go in terms of the allocation of taxpayers' dollars to ensure the continuation of our way of life on this continent, and how best to encourage the spread of democracy elsewhere in the world. To this end, there are several areas of importance to our membership that we would like you to consider. First, we are pleased that Congress has agreed to upgrade the chemical weapons capability of the armed forces. The money spent to develop and procure more modern protective gear for military personnel and to conduct the reasearch necessary to provide for effective medical treatment for chemical and biological combat casualties is well spent in our opinion. Likewise, the expenditure of funds for the demilitarization and destruction of existing obsolete stocks of chemical weapons and eliminate a potential environmental tragedy is fully justified.

Equally important is the decision to begin to procure new stocks of modern and safe binary chemical weapons. It is no secret that the Soviet armed forces are trained, equipped and structured to conduct offensive and defensive chemical warfare. They have deployed a variety of chemical and biological agents along with their delivery systems and have a tactical doctrine for the large-scale use of such systems. There is also a growing body of evidence which suggests that the Soviets have engaged in testing and perhaps modifying their doctrine by employing these systems in Afghanistan, Southeast Asia and the Persian Gulf. The United States needs the capability to counter these threats with a broad spectrum of response with the ability to conduct a retaliatory strike should the Soviets use their systems first. The binary weapons under development represent a major advance over the previous systems which now comprise our deterrent and they merit your approval. We also note with interest that the Soviets seemed to have no interest in progress at talks to ban chemical weapons until the United States demonstrated its resolve by a return to the procurement of chemical weapons one year ago.

Our next subject, Mr. Chairman, concerns what we consider to be the most important step take recently to modernize our armed forces, to advance science and, at the same time, to make the world a safer place, the Strategic Defense Initiative. As you know, the emphasis of this program is on research to decide whether the technology is possible. There are many hurdles to be overcome, technical and political, but to avoid attempting to develop a strategic defense umbrella would ignore a legitimate option of defense which would raise the nuclear threshold and stabilize the strategic balance at a level which makes the world a safer place.

We recognize that tremendous technical challenges face this effort to create a defense against nuclear missiles. But we also realize that American government in coordination with American industry landed men on the moon almost twenty years ago. The ability of this nation to respond to technical challenges is unmatched by any other nation. If we choose to develop a strategic defense we can do so. Once again, it is a matter of national will. I would point out that the possibility that the U.S. might be able to build and deploy a defensive system and thereby partially void an overwhelming Soviet advantage in nuclear warheads brought the Soviets to the bargaining table with something other than proposals which used up a lot of bargaining time and amounted to very little substance. We urge enough funds to continue aggressive research on this important initiative.

Mr. Chairman, The American Legion is also becoming more and more concerned over the trend in military pay over the past several years. Recent surveys, as well as studies conducted over the last several years, indicate that real military compensation has fallen behind comparable civilian salaries. While these studies do not agree in every detail, they consistently point up the need to increase military compensation to levels that are commensurate with the private sector. There is no question but that we do not want to return to the days of a "hollow army" or a Navy that is short 20,000 mid-level supervisors. To remedy this problem, in part, the President has requested a 4 percent increase in the pay of active duty military personnel for the upcoming fiscal year. While we would like to see immediate comparability established we recognize the dilemma posed by competing interests for scarce revenue. Accordingly, while a 4 percent raise is less than we would have hoped for it is nonetheless a major step in the right direction.

Mr. Chairman, we believe that there will be another attempt to reduce or eliminate the commissary subsidy this year. According to the commissary mission statement, "Commissaries are an institutional economic benefit in the form of nonpay compensation provided to military personnel and their dependents. They are a proven, efficient method of compensating military personnel. Commissaries sell groceries and household items at the lowest practical price, in facilities comparable to commercial food outlets. The stores are operated to preserve and foster the significant value of the benefit to the economic and psychological well-being of the military community." Independent research indicates that active duty men and women and their families view the commissaries as the second most important benefit available to them and to eliminate this benefit would affect the morale and welfare of the men and women who serve in this nation's Armed Forces. Past experience has shown that when the quality of a military person's life is eroded, the resultant shifts in morale are inevitably followed by a significant drop in readiness. Indeed, servicemen and women are no different than their civilian counterparts when it comes to career decisions based on economic principles and react just as negatively when real or perceived benefits are changed or eroded by inflation or neglect.

This country has spent six years and a lot of money to recruit, train, equip and field the finest military force in the world. But these efforts might will be wasted if Congress does not reassure the people of our Armed Forces that it seeks to protect their interests and appreciates their service and sacrifices for our country. If we relent and let this force deteriorate we will have created a situation whereby servicemembers will leave the Armed Forces for more lucrative and attractive careers in civilian life.

Mr. Chairman, The American Legion understands that our country is facing some rather striking economic challenges. The industrial base of the U.S. is being opposed by efficient foreign competition with substantially lower labor costs. Equally troubling is that U.S. manufactured goods are not competitive in foreign or domestic markets. In some basic industries, continuing high rates of unemployment has given rise to a strong protectionist sentiment. There are those who would have us believe that there is a need to retrench, to spend less on defense and more on social programs and to ensure that U.S. industry is protected form foreign competition. We disagree, we do not think that we can afford to revert to the fortress America of this country's past. We are simply too dependent on other areas of the world to allow them to succumb to the socialist dictatorships now being established around the world. Implementation of this isolationism is a weak foreign policy that would result in a serious contraction of this nation's economy and a worsening of the world's economic situation. An inward-looking America would no longer have the will to protect its worldwide interests. Freedom and democracy would suffer as our enemies inherited the natural resources on which the free world economy depends. The United States is competing with a belligerent, totalitarian, socialist, military power that governs by force of arms. This power will continue to challenge our national interests in areas where it perceives we are weak or lack resolve and will continue to threaten the spread of democracy and our way of life. To continue to compete we must, as a nation, remain strong.

Mr. Chairman, we again urge a bipartisan spirit of these issues for it is only through cooperation that the future of our country can be assured.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 11

COMMITTEE : NATIONAL SECURITY

SUBJECT : PEACEKEEPER MISSILE

WHEREAS, The mission of Peacekeeper is to insure that deterrence is maintained by restoring to our ICBM force the capability to credibly threaten those hardened assets which the Soviets value most; and

WHEREAS, The Peacekeeper Missile is a critical element of a carefully designed program and will help ensure effective deterrence and provide the necessary foundations for meaningful arms negotiations and reductions; and

WHEREAS, The pace and scope of Soviet ICBM developments and SILO hardening efforts in recent years have eroded the capability of current U.S. ICBM systems and caused a destabilizing imbalance between U.S. and Soviet strategic forces; and

WHEREAS, The Soviet buildup of nuclear weapons continues, with development of several new intercontinental ballistic missiles (ICBMs) including the SS-X-24 and SS-X-25 -- which is believed will be deployed both in silos and on mobile launchers over the next few years; and

WHEREAS, The Soviets have consistently and systematically violated current Arms Control Agreements; and

WHEREAS, The current Administration has been accused of lack of movement on new Arms Control Agreements, while it is the Soviets who have failed to participate in negotiations; and

WHEREAS, The President's Commission on Strategic Forces (Scowcroft Commission) has concluded that: deployment of 100 MXs is essential in order to remove the Soviet advantage in ICBM capability and to help deter the threat of conventional or limited nuclear attacks on the alliance. Such deployment is also necessary to encourage the Soviets to move toward the more stable regime of arms control; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that The American Legion urge our Congressional Representatives to appropriate without delay the necessary funds for the procurement and deployment of as a minimum 100 MX "Peacekeeper" missiles.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 40

COMMITTEE : NATIONAL SECURITY

SUBJECT : COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE SYSTEMS

WHEREAS, Our Command authorities, both military and civilian, require timely, accurate, and unambiguous information to plan military operations and to select alternative courses of action; and

WHEREAS, All Commanders and their staffs must then be assured that the decisions and direction emanating from this information can be clearly and accurately communicated to the forces and weapons systems under their control; and

WHEREAS, Typically these systems consist of an array of sensors, communications links, command and control support facilities, and information processing and display equipment which collectively constitute a significant combat multiplier; and

WHEREAS, It is imperative that C^3I systems be provided that maximize the performance of our weapons systems and the operability of our forces in terms of survivability, endurability, inter-operability, and effectiveness; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we urge the Administration and Congress to provide the necessary authorizations and appropriations for force structure improvements in the area of Command, Control, Communications and intelligence (C^3I).

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 41

COMMITTEE : NATIONAL SECURITY

SUBJECT : MILITARY RETIREMENT SYSTEM

WHEREAS, The military retirement system is linked with both the force management requirements and the compensation system for the armed forces; and

WHEREAS, The military retirement system exists to serve the following vital needs:

(a) To provide for a uniform flow of personnel through the personnel structure in order to maintain a young, vigorous and effective force capable of operating both in times of peace and war;

(b) To recognize the long-term voluntary acceptance of highly restricted disciplined and controlled career in a society where others enjoy greater individual freedoms and to recognize the arduous nature of duty in the uniformed services;

(c) To maintain a mobilization base of experienced personnel who can be rapidly recalled to active duty;

(d) To provide for the long-term financial security of career military members; and

(e) To recognize that the personnel system is a closed entry system where mid and senior grade careerists leaving the system normally can only be replaced by new, entry level accessions; and

WHEREAS, The military retirement system is related to other retirement systems only to meet the objectives of an institutional or corporate entity; and

WHEREAS, In the period of 1980-84, Congress without benefit of public hearings or consideration of the impact on the active force, escalated the rapidity with which piecemeal changes to the retirement system were made--all apparently driven by budgetary concerns; and

WHEREAS, The President's Private Sector Survey on Cost Control (Grace Commission) has recommended radical changes to the military retirement system which if enacted would severely impact on retention of skilled and experienced personnel; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we believe the current retirement pay system is adequate, and meets the goals of force management within the Armed Forces; and be it further

RESOLVED, That The American Legion insists that any contemplated changes in the retirement system must adhere to the following principles:

(a) The retirement system must be fair to both the service member and the taxpayer; it must be adequate to attract but primarily to retain the number of quality and experienced personnel required to perform the services' missions;

(b) The system must be stable to permit the individual service member to satisfactorily plan for the future; however, recognizing that future changes may be necessary, these changes should apply to new service entrants while at the same time honoring commitments to those serving and already retired;

(c) The retirement annuity should be indexed to protect its future purchasing power; the same index should apply to all forms of service retirement and the survivor benefits based on the retired annuity;

(d) The retirement system must include an optional method for a retiree to provide for survivors; and

(e) The retirement system must provide for equitable treatment for all service members entitled to the retirement benefit.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 47

COMMITTEE : NATIONAL SECURITY

SUBJECT : EDUCATIONAL ASSISTANCE FOR APPRENTICESHIPS AND ON-THE-JOB TRAINING

WHEREAS, The recently enacted Veterans Educational Act of 1984 does not provide for apprenticeship and/or on-the-job training; and

WHEREAS, Since 1944 literally hundreds of thousands of veterans have received some form of training under the G.I. Bill; and

WHEREAS, Historically, apprenticeship and/or on-the-job training is accepted as the most successful method of training job recipients; and

WHEREAS, Many areas of skill and training/development are not available via an educational institution except through apprenticeship; and

WHEREAS, Most employers require a satisfactory period of education and on-the-job training as part of their employment; and

WHEREAS, A high percentage of high school graduates do not desire to go to college but do desire to continue their education; and

WHEREAS, The cost of on-the-job training/apprenticeship has been historically more effective than other forms of skill training; and

WHEREAS, Benefits accruing to American business and industry have been substantial; and

WHEREAS, The need is present as pointed out by enactment of P.L. 98-77 "Emergency Veterans Job Training Act of 1983"; and

WHEREAS, In the interest of fairness for those not desiring institutional education would be best served; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that they urge Congressional support of an amendment to Chapter 30 Title 38, U.S. Code of Veterans Benefits (a.k.a. Veterans Educational Assistance Act of 1984) to include apprenticeship and on-the-job training.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 61

COMMITTEE : NATIONAL SECURITY

SUBJECT : RAPID DEPLOYMENT FORCES

WHEREAS, U.S. stragegic mobility forces are currently unable to meet NATO reinforcement objectives or to project credible United States forces to areas where our national interest may be threatened; and

WHEREAS, The Army's prepositioned equipment and war reserve stocks are inadequate for many contingencies; therefore, mobility forces, both air and sea, must be increased to provide flexible power projection; and

WHEREAS, The planned conversion of Navy SL-7 container ships to roll-on, roll-off (RO/RO) configuration is essential and high priority must be given to research and development programs for surface ships which will project forces rapidly to augment air-lifted forces in the future; and

WHEREAS, While prepositioning of material configured to unit sets (POMCUS) remain a key part of th strategic mobility picture, critical shortages still exist in the area; and

WHEREAS, The development of intermediate staging sites in the Persian Gulf region is essential to improve the support for the Central Command (USCINCENT) because no combat force can perform its mission if it is not at the right place, at the right time with the right material; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we strongly urge the Congress to authorize and appropriate sufficient funds to provide for the needed U.S. Army strategic mobility improvements.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 72

COMMITTEE : NATIONAL SECURITY

SUBJECT : B1-B BOMBER AND ADVANCED TECHNOLOGY BOMBER (ATB)

WHEREAS, Over the past several decades, the modernization of U.S. strategic forces has not kept pace with the relentless growth of Soviet nuclear capabilities, and our deterrent posture has eroded so that we now face a formidable challenge; and

WHEREAS, An announced comprehensive plan for modernizing our strategic forces includes production of the B1-B bomber in the 1980s while we pursue vigorous development of an advanced technology bomber (ATB) Stealth aircraft for deployment during the 1990s; and

WHEREAS, The cost of maintaining the aging B-52s through the 1990s to the year 2000, including the modifications and essential improvements, would exceed the entire cost of the B1-B program; and

WHEREAS, The B1-B bomber is strategically not just an interim bomber, but a highly versatile aircraft that can function well into the 21st century, and when the Stealth is deployed, can then serve as cruise missile carriers, replacing the B-52s; and

WHEREAS, The Department of Defense stated that the B1-B can be built for the projected cost of $20.5 billion because the engineering is complete, the design is mature and tested, and the basic plane has undergone almost 2000 hours of highly successful flight testing; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we support the President's decision to produce the B1-B bomber now, followed by the eventual introduction of the ATB because it is a militarily sound and cost-effective contribution to our nation's strategic force modernization program to improve our nuclear deterrent posture.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 74

COMMITTEE : NATIONAL SECURITY

SUBJECT : CHEMICAL WARFARE DEFENSE

WHEREAS, Soviet military doctrine envisages the use of chemical weapons, and acknowledges their value, particularly when used in massive quantities and in surprise attacks, they also possess a wide variety of lethal and incapactitating chemical agents and the means to deliver them; and

WHEREAS, The Soviet Union has invested heavily in individual and collective protection and decontamination equipment, and trains with actual chemical agents; and

WHEREAS, In contrast with the Soviet Union during most of the 1970s, the U.S. allowed its retaliatory capability to decline and has done little to improve defense against the use of chemical in wartime; and

WHEREAS, The ultimate goal in the area of chemical warfare is a complete and verifiable ban on the development, production and stockpiling of chemical weapons; until such a ban can be obtained, the U.S. objectives should be consistent with existing treaties and international law to deter the use of chemical weapons; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we call upon Congress to authorize and appropriate monies for chemical warfare defense, to embark on a realistic research, development and acquisition program to deter the Soviet Union's use of chemical weapons; and, be it further

RESOLVED, That we believe this program, which has at its core the production of binary munitions, will improve our chemical defensive ability while providing an incentive for meaningful arms control efforts.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 75

COMMITTEE : NATIONAL SECURITY

SUBJECT : SUPPORT OF ARMY AND MARINE CORPS LAND FORCES

WHEREAS, The land forces of the United States -- the Army and Marine Corps -- occupy a central place in our conventional force planning and as our only combat force capable of holding or retaking territory, they are key to our deterrent strength and forward-defense capabilities; and

WHEREAS, In support of their deterrent role, Army divisions are stationed in Europe and the Western Pacific, Marine Amphibious forces are deployed at sea and a reservoir of rapidly deployable forces -- both Army and Marine -- are maintained in the United States; and

WHEREAS, For our land forces to provide the capabilities we need, they must be: structured properly; able to respond quickly; capable of sustained combat; and provided with modern weaponry and equipment; and

WHEREAS, The fiscal years 1986-90 program continues a major, and long-overdue, modernization of land forces; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we urge the Administration and Congress to support the Army and Marine Corps efforts of modernizing the United States land forces by providing necessary authorization and funding.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 77

COMMITTEE : NATIONAL SECURITY

SUBJECT : COMMENDING THE DEPARTMENT OF DEFENSE IN CURBING WASTE, FRAUD AND ABUSE

WHEREAS, President Eisenhower in his farewell address on January 17, 1961, alerted the nation to the grave implications of the military-industrial complex, he said, "...In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for disastrous rise of misplaced power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and liberty may prosper together"; and

WHEREAS, Since April, 1981, the Department of Defense and the Defense Inspector General completed some 77,134 audits, resulting in a potential savings to the U.S. Government of over $9.5 billion; and

WHEREAS, Thus far, as of March 31, 1985, an aggressive audit follow-up -- long the achilles heel of the audit program -- 186,714 corrective actions have been completed on 59,156 DOD internal audit reports, 2,534 corrective actions on 1,213 General Accounting Office reports have been taken, and an additional 3,782 DOD and GAO reports are being tracked; and

WHEREAS, More recently increased emphasis has been placed on procurement fraud involving major DOD contractors and providers of medical care; such as, an investigation of one corporation which revealed mischarging of labor hours from one contract to another, resulting in the corporation paying $30,000 in fines, $650,000 in damages, and being barred from recovering $300,000 in legal and defense fees; and

WHEREAS, Suspensions and Debarments of contractors has risen from 179 in 1982 to 402 in fiscal year 1984; and

WHEREAS, Since DOD established a Hotline in June of 1981 to encourage reports of waste, fraud and abuse in defense programs, over 23,000 calls or letters have been received resulting in a documented savings of $3.5 million; and

WHEREAS, Secretary of Defense Caspar W. Weinberger, on March 5, 1985, in Washington, D.C., when telling Legionnaires of efforts by the Defense Department to reduce waste, fraud and abuse said, "...We have conducted massive reviews and audits to uncover problems which often, as in the case of our own spare parts study, have just opened us up for further criticism.

We have expanded competition for defense contracts, increased economical multi-year production, instituted more realistic budgeting, and thrown the book at defense contractors who defraud the taxpayer."; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we commend the long overdue efforts of the Department of Defense, the Defense Inspector General, and the General Accounting Office in identifying and curbing waste, fraud and abuse, and urge even more vigorous efforts in ferreting out those, who with intent, defraud the U.S. Government; and, be it further

RESOLVED, That we vigorously urge prosecution to the fullest extent of the law, those persons, who by criminal intent, defraud the U.S. Government.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 118

COMMITTEE : NATIONAL SECURITY

SUBJECT : STRATEGY FOR PEACEFUL AND MILITARY USE OF SPACE

WHEREAS, The President of the United States has announced a National Space Policy as the result of an inter-agency review which began in August 1981 and which review included a comprehensive analysis of all segments of the National Space Program; and

WHEREAS, This policy reaffirms the national commitment to the exploration and use of space in support of our national well-being and establishes the basic goals of the United States policy to strengthen the security of the U.S., maintain U.S. space leadership, obtain economic and scientific benefits through the exploration of space, expand U.S. private sector investment and involvement in civil space and space related activities; promote international coopertive activities in the national interest, and cooperate with other nations in maintaining the freedom of space of activities which enhance the security and welfare of mankind; and

WHEREAS, It is deemed that the national security of the United States requires the maintenance of space leadership by the United States; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we urge the Administration and Congress to reaffirm the national commitment to the exploration of space in support of our national security and national well-being and that the United States conduct activities in space necessary to its national security including such functions as command and control, communications, navigation, environmental monitoring, warning, surveillance and space defense.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 130

COMMITTEE : NATIONAL SECURITY

SUBJECT : MILITARY COMMISSARY OPERATION

WHEREAS, The President's Private Sector Survey on Cost Control has recommended that the Department of Defense should terminate the operation of the commissaries in the continental United States except in areas where adequate commercial food stores are not available; and

WHEREAS, That continued need for the military commissary system has been reaffirmed by eminent study groups on numerous occasions; and

WHEREAS, The DOD Third Quadrennial Review of Military Compensation (1976) indicated that the value perceived by the service member substantially outweighs the government costs; therefore, commissaries provide physic income that far exceeds the costs; and

WHEREAS, The Joint Chiefs of Staff on January 13, 1983 recommended that the President resist any attempt to alter military retirement to include benefits; and

WHEREAS, Reduced commissary support would undermine the morale of married careerists which is a key element of military prepardness; it would also be devastating to (1) junior enlisted families; (2) widows; and (3) the 100% service-connected disabled veterans eligible for commissary patronage; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we strongly support retention of the military commissary system and urge the Administration and Congress to provide necessary authorization and funding to allow the system to be preserved as an institutional support for our active duty military, military retirees, 100% service-connected disabled veterans and widows authorized commissary privileges.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 180

COMMITTEE : NATIONAL SECURITY

SUBJECT : SUPPORT THE U.S. AIR FORCE ACTIVE/ARF MIX

WHEREAS, The Air Force, including active duty, civilian, and reserve components, is organized, trained, and equipped as a team - working together to maintain the war fignting capability our nation needs to deter our enemies, and if necessary, to fight and win; and

WHEREAS, The Air Reserve Force (ARF) - the Air National Guard and the Air Force Reserve - have always been key components of the USAF, and today make significant contributions to security and military readiness by peforming combat and direct combat support missions as part of the Total Force; and

WHEREAS, The magnitude of the Soviet threat, its proximity to U.S. vital interests and modern transportation system have reduced the time before we would need reinforcements for our active forces, thus requiring the Air Reserve Force to be constantly ready and available to reinforce the active force; and

WHEREAS, The Air Force is the leader in making the Total Force policy work by having successfully integrated both the Air National Guard and Air Reserve Forces into training exercises and actual war plans and by maintaining a proper and effective mission between the active and reserve forces; and

WHEREAS, The proper Active/ARF mix strikes a balance among national priorities, fiscal realities and the capability to meet a growing threat, and ensures that we have an Air Force which meets the requirements for deterrence, peacetime presence, and immediate response, resulting in a Total Force that allows us to respond to low level contingencies without mobilization, surge military capability during national crises, maintain an active force of sufficient size to sustain the peacetime and wartime logistics, training and personnel needs of both the active and reserve forces, maintain a significant reserve military capability rather than sustain all necessary active military forces, and retain experienced and highly trained people who would otherwise leave the force; and

WHEREAS, In recent years the ARF has assumed an increasing share of Total Force responsibilities, and recent Congressional action has encouraged even greater use of our reserve components while denying active and civilian force manpower increases; and

WHEREAS, ARF growth at the expense of the active force could severely reduce flexibility and severely affect the ability of the Total Force to meet our peacetime and wartime requirements by affecting the number of active force people available to serve overseas and thus eroding our responsiveness to worldwide crises and creating moral problems for the active force through more frequent overseas commitments and family separations; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we urge the Congress to support the Air Force plan for a proper Active/ARF mix which is both prudent and well thoughout in order to prevent any loss in capability or increased costs; and, be it further

RESOLVED, That The American Legion recommend to the Congress that current Active/ARF manpower levels be maintained.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 182

COMMITTEE : NATIONAL SECURITY

SUBJECT : STRATEGIC NUCLEAR POLICY

WHEREAS, The United States has considered that global nuclear war would essentially spell the destruction of civilization, a view which led us in the 1960s and 1970s to accept a steady erosion of our military strategic strength through successive enunciated policies which only confirmed our diminishing relative strength; and

WHEREAS, The continued acceptance of such a policy would lead us to a position of inferior strategic strength, vis-a-vis the Soviet Union, by the mid-80s; and

WHEREAS, A strategic policy which would hold our own citizens hostages to nuclear attack in order to deter aggression lacks credibility because of the Soviets recently developed more accurate and more powerful MIRVed ICBMs, having first strike capability; and

WHEREAS, The Soviet Union strategists have long developed their military war machine from the concept of "winning" a nuclear war; and

WHEREAS, In developing their strategic nuclear offensive capability, the Soviets have emphasized their intercontinental ballistic missiles (ICBMs), and have been modernizing that force, stressing improved readiness, greater throw-weight, increased accuracy, better command and control; and

WHEREAS, They have also increased the number of re-entry vehicles and provided hardened silos to improve survivability; and

WHEREAS, There is evidence from the budgets submitted to the Congress that the Administration is attempting to provide our armed forces with improved strategic capabilities to counter the Soviet advances; and

WHEREAS, The development of new capabilities and deployment of anti-ballistic missiles (ABMs) including laser weapons and other scientific break throughs, would enhance the survivability of our ICBMs, strategic bomber bases, defense communication sites, military facilities and the civilian population; and

WHEREAS, The improvement of our manned and unmanned capability to intercept and destroy Soviet aircraft and cruise missiles would appreciably add to the deterrence of enemy attack; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we continue to pursue a new strategic nuclear policy which will lead the U.S. to develop the needed strength to destroy Soviet strategic offensive capabilities, rather than the destruction of soft targets; and, be it further

RESOLVED, That together with the development of these new capabilities that the U.S. develop the force structure necessary to deter the Soviet Union, while minimizing destruction to the United States, if attacked.

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SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 205

COMMITTEE : NATIONAL SECURITY

SUBJECT : ARAPAHO PROJECT (ARMY)

WHEREAS, The Committee on Armed Services, U.S. House of Representatives, the U.S. Army should begin exploring the ARAPAHO system; and

WHEREAS, The newly formed Light Divisions will require radically improved sustainability, mobility, force flexibility, and deployment readiness on short notice to an unpredictable variety of locations and situations; and

WHEREAS, Air deployment of adequate resources for successful engagement is dependent on prior securing of suitable landing areas; and

WHEREAS, The ARAPAHO portable air facility has proven feasible in tests by the U.S. Navy and so stated by SECNAV; and

WHEREAS, The ARAPAHO, currently on lease to the British Royal Navy, has proven its utility in the evacuation from Beirut of both military and civilian personnel, and is now serving in the Falklands; and

WHEREAS, ARAPAHO can be quickly transported and assembled ashore to provide an instant aviation shore base which can be quickly dismantled and removed for future use; and

WHEREAS, ARAPAHO is easily transportable by standard truck or train transport modes, by cargo aircraft, or fully assembled and functional, on the decks of commercial ships; and

WHEREAS, ARAPAHO is extremely cost effective and versatile and available hulls in the Maritime Administration's Reserve Fleet obviate the need for new ship construction; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that the Army continue to explore the ARAPAHO concept by adequate funding and program expansion for the portable deck-mounted aviation support system to accommodate Army requirements.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 213

COMMITTEE : NATIONAL SECURITY

SUBJECT : RESERVE NAVAL MOBILE CONSTRUCTION FORCE

WHEREAS, The mission of the Reserve Naval Mobile Construction Force is to provide and maintain a trained, ready, and an immediate available organization Reserve Force; and

WHEREAS, This force must be capable of satisying the requirements of the Navy construction force to form viable, mobile construction battalions, regiments and brigade staffs; and

WHEREAS, These units provide direct support to Fleet Commanders and executing their wartime mission; and

WHEREAS, The Chief of Naval Reserve has initiated action to improve the Force Mix by the addition of two battalions; and

WHEREAS, The onboard equipment required for mobilization is not available; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we encourage the Department of the Navy to program and fund for full equipment allowances and mission capability for these Reserve missions.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 218

COMMITTEE : NATIONAL SECURITY

SUBJECT : MILITARY DRAFT

WHEREAS, Twelve years have lapsed since the United States initiated the effort to meet its military manpower requirements through the concept of an all volunteer force (AVF) with a standby Selective Service System theoretically capable of quick reactivation to provide in an emergency; and

WHEREAS, Several underlying assumptions on which those manpower policies were based have changed since the AVF began in 1973; i.e., as stated by the Senate Armed Services Committee: "Soviet military capabilities have increased substantially in terms of quality and quantity of manpower; quantity of sophistication of materials; command control, communications and intelligence capabilities"; and

WHEREAS, All services are, at the moment, reaching their active duty manpower quotas, however, uncertainty for the future prevails with demographic decreases in manpower and an expanding economy; and

WHEREAS, The costs associated with keeping people in uniform have continued to rise in spite of the increases in monetary support for active duty service people; and

WHEREAS, We Americans find it difficult to believe that the problem can be resolved simply by throwing more money at it; and

WHEREAS, Frequent overseas deployments and non-competitive compensation have brought pressures on career personnel that continue to drive them from the ranks in substantial numbers seriously depleting the level of professionalism through the services; and

WHEREAS, The system brings service to the country back into proper national perspective which history has shown to be successful as a substitute for the citizen's direct involvement in his destiny in Selective Service; and

WHEREAS, Any operative Selective Service plan must be completely fair and equitable selection for all concerned; and

WHEREAS, The Military Selective Service Act, as amended, provides a fair and equitable selection system under which 95% of our young, physically qualified men have an equal opportunity to be considered for military service through a lottery system with the stringent controls over deferments: now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we support a military draft program as the source of personnel to meet the manpower requirements of our total armed forces.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 220

COMMITTEE : NATIONAL SECURITY

SUBJECT : STRATEGIC DEFENSE INITIATIVES

WHEREAS, For more than three decades U.S. national security has depended on the deterrent effect of our strategic forces (MAD); and

WHEREAS, The Soviets continue to increase their nuclear advantage with the obvious intent to arrive at a level where blackmail is inevitable; and

WHEREAS, A new nuclear strategy is long overdue that does not hold our people hostage in case of nuclear war; and

WHEREAS, President Reagan, in his historic address to the nation on March 23, 1983, announced a national commitment to strategic defense initiatives - a technology research effort to develop a base for informed future decisions about strategic defense; and

WHEREAS, Under existing treaties, the Soviets have built an extensive aid defense and anti-ballistic missile system, the so-called Moscow ABM system providing protection to substantial portions of Western USSR containing about 75% of the Soviet population and industry and a substantial portion of Soviet military capabilities; and

WHEREAS, The Soviets have used the period since the ABM treaty to greatly increase the ABM capabilities by an all-out research and development program which might or might not violate the aforementioned treaty; and

WHEREAS, We have dismantled our system and an adequate latitude exists for substantial ABM efforts utilizing present and readily forseeable technologies; and

WHEREAS, A continued effort in this area is feasible and practical extending into space as visualized by the President in the future; and

WHEREAS, The President's commission on Strategic Forces (Scowcroft Commission) stated that, "Vigorous research and development on ABM technologies--including in particular, ways to sharpen the effectiveness of treaty-limited ABM systems with new types of nuclear systems and also ways to use non-nuclear systems--are imperative to avoid technological surprise from the Soviets;" and

WHEREAS, All efforts toward strengthening our defense will continue to be challenged by those who promote a posture of unilateral disarmament orchestrated wittingly or unwittingly by the intelligence activities of the Soviet Union; and

WHEREAS, The results of our efforts are plainly understood by the Soviets in that former Soviet Premiar Andropov said in Izvestia (March 27) and Pravada (March 28) that he would rely on the "peace movement" -- the nuclear freeze movement -- in the West to sabotage President Reagan's initiative; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we applaud the President's proposed change in the national strategy of deterrence from one of mutually assured destruction from nuclear weapons, to a strategy of protecting our population through defensive measures; and, be it further

RESOLVED, That we urge Congress to support the President's initiatives in reestablishing our anti-missile system effort using all latitudes available including the existing ABM treaties; and, be it further

RESOLVED, That vigorous research and development be undertaken to increase our anti-ballistic missile capability using all techniques, including space, as these techniques can be developed.

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SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 221

COMMITTEE : NATIONAL SECURITY

SUBJECT : NATIONAL DEFENSE

WHEREAS, The American Legion believes it is the paradox of peace that to preserve it we must be prepared to use force and use it successfully; and

WHEREAS, Only if we can convince any potential adversary that the cost of aggression would be far higher than any possible benefit can we be certain that aggression will be deterred and peace preserved; and

WHEREAS, The Soviet Union's military buildup, both quantitative and qualitative, has produced a major shift in the nuclear and conventional balance; and

WHEREAS, The United States has made a conscious choice to restrict its strategic nuclear force development in an effort to encourage similar restraints from the Soviets; instead they aggressively stepped up their strategic nuclear program and show no signs of slowing; and

WHEREAS, The Soviet Union, in the area of conventional forces, had long held an overall quantitative advantage but in recent years that advantage has widened in almost all categories as major weapons are being produced at rates exceeding those of the United States and its NATO allies combined; and

WHEREAS, The Soviet Union's military posture has become increasingly offensive in orientation and they have significantly expanded the global reach of their military forces, enhancing their ability to project influence and power; and

WHEREAS, The expansion of Soviet military might and their willingness to use it as demonstrated in their invasion of Afghanistan has upset the balance of power that kept the peace between the superpowers; and

WHEREAS, The President has requested a defense budget authority to Fiscal Year 1986 of 313.7 billion; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we call upon the Congress to support the President's Five Year Defense Plan (Fiscal Year 1986-90) based upon a policy of peace through strength thereby ensuring a continued national defense posture of readiness, sustainability and modernization.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 262

COMMITTEE : NATIONAL SECURITY

SUBJECT : MODERNIZE THE UNITED STATES AIR FORCE

WHEREAS, The free world has learned a very hard lesson: weakness and appeasement lead not to peace but to war; and

WHEREAS, To keep the peace, we have to maintain strong deterrent forces while we review equitable and verifiable arms reductions agreements with the Soviet Union; and

WHEREAS, Modernization of our strategic offensive forces was generally deferred during the 1970s; and

WHEREAS, The Soviets have deployed 378 SS-20 intermediate range nuclear missiles, more than two-thirds of which are aimed at Western Europe; and

WHEREAS, To maintain a crediable deterrence and a stable nuclear balance, the President, in October 1981, directed that the U.S. Air Force undertake the first comprehensive modernizaton of our strategic forces since they were built in the 1950s and 1960s; and

WHEREAS, The highest priority for our general purpose forces is to improve readiness and sustainability; and

WHEREAS, Since FY 1981 the USAF has more than doubled funding for munitions; and

WHEREAS, Through increased stock of spare parts, the near-term buy of 50 C-5s and 44 additional KC-10s, and a contract to add cargo-convertible features to 19 commercial passenger aircraft will increase air deployable capability of almost 75%; and

WHEREAS, Nevertheless, 17 major studies since 1974 have found in every case that air lift requirements far exceed capabilities; and

WHEREAS, The Congressional Mandated Mobility Study (CMMS) has concluded that programmed mobility capability could not meet current or projected requirements, resulting in the CMMS recommending an Air Force capable of providing a minimum objective of 66 million ton miles per day (MTM/D) of intertheater airlift capability with one-half of the additional force outsize capability; and

WHEREAS, Today our intertheater airlift force, consisting of all sources, including the Civil Reserve Air Fleet (CRAF), can provide only 32.4 MTM/D, with the CRAF representing about 32% of our long range cargo airlift capability and over 90% of U.S. Air Force passenger capability; and

WHEREAS, The CRAF Enhancement Program, which is intended to reduce the shortfall in intertheater airlift, is designed to add cargo convertibility features to new or existing civilian wide body passenger airfcraft and makes these aircraft available to airlift cargo in the event of a national emergency--this program being budgeted for by the USAF for the retro-fit of four Boeing 747s to a cargo convertible configuration; when completed in 1986, this program will provide for only 9 such aircraft; and

WHEREAS, The only means available to the ground combat forces to deploy and sustain its power is either by air or water; and probably only by air in time to have any significant effect; and

WHEREAS, In theater forces, the USAF must be able to respond to diverse threats in many regions - Europe, Southwest Asia, the Pacific, the Americas and Africa, requiring many capabilities: fighter and reconnaissance aircraft, electronic combat forces, special operations forces, intertheater airlift, specialized combat and control aircraft and conventional strategic bombers; and

WHEREAS, The Soviets are producing approximately 1100 modern tactical fighters per year against our 330, and the Soviet tactical and theater air force consists of over 6,000 fighters, interceptors, fighter-bombers, and medium bombers; and

WHEREAS, In tactical forces, due to steady growth in Soviet military power and steady improvement in their combat capabilities, the USAF needs to continue to modernize and expand its own tactical air force; and

WHEREAS, We expect our casualty load to peak during the first 30 days of conflict and with current limitations, wounded patients could suffer up to 25% fatalities, compared to 3% in Vietnam and Korea, and 5% during World War II; and

WHEREAS, In Lebanon, Israel is having great success in the Bekaa Valley with the use of television carrying Remotely Piloted Aircraft against Syrian anti-aircraft batteries and missiles, chiefly because of their small size, fast speed and their ability to make abrupt and radical maneuvers that an on-board pilot would have difficulty tolerating; and

WHEREAS, In space, both the Soviets and the U.S. are dependent largely on satellites for warning, communications, and command control of their forces worldwide; over the past decade the Soviets have launched four or five times as many satellites as we have, and they have the world's only operational space weapons system; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that:

1) We support, as a first priority, the USAF efforts to update strategic modernization.

2) That the USAF give greater emphasis and higher priority to:
  a) global airlift capabilities, with built in casualty handling abilities; and
  b) procurement of tactical, ground support, fighters and fighter-bomber type aircraft

3) That the USAF continue to emphasize its efforts to improve Low Altitude Navigation and Targeting Infrared System for Night (LANTRIN) for enhanced capabilities at low altitudes and during periods of low visibility.

4) That the USAF continue to work to improve vitally important Tactical Command, Control and Communication (C3), in conjunction with the other services, and particularly with the Army and Marine Corps.

5) That the USAF effect close coordination with the other services to avoid duplicating assigned missions.

6) That the U.S. Air Force continues to work in exploring the use of unmanned, Remotely Piloted Aircraft (RPA).

7) That we encourage and support the USAF recent efforts to develop a Unified Space Command.

8) Finally, we urge Congress to ensure modifying government regulations on the manufacturing of aircraft in the U.S. to require that all future aircraft have built in characterizations for rapid convertibility to military usage.

SIXTY-SEVENTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 26-28, 1985
NEW ORLEANS, LOUISIANA

RESOLUTION NO.: 318

COMMITTEE : NATIONAL SECURITY

SUBJECT : C-17 AIRCRAFT

WHEREAS, Current airlift enhancement programs, including C-5B and KC-10 acquisition, will satisfy only a portion of the existing inter-theater airlift shortfall; and

WHEREAS, There is a continuing need for additional inter-theater airlift capability including outsize cargo capability; and

WHEREAS, The U.S. Army's development of units that are more easily air transportable, such as light infantry divisions, may increase the requirements for responsive airlifts; and

WHEREAS, The C-17 will be able to operate in both the inter and intra-theater roles, will augment the C-130's and will replace the C-141's as they begin to retire in the 1990's; and

WHEREAS, Continued development and procurement of the C-17 is necessary to address these critical airlift requirements; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in New Orleans, Louisiana, August 26, 27, 28, 1985, that we urge the Department of Defense, the Congress and the President to expedite development and procurement of the C-17 which will increase and modernize the airlift capabilities of the U.S. Air Force.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 369

COMMITTEE : NATIONAL SECURITY

SUBJECT : SUPPORT OF A STRONG DEFENSE

WHEREAS, The American Legion believes it is the paradox of peace that to preserve it, we must be prepared to use force and use it successfully; and

WHEREAS, Only if we can convince any potential adversary that the cost of aggression would be far higher than any possible benefit, can we be certain that aggression will be deterred and peace preserved; and

WHEREAS, The Soviet Union's military buildup, both quantitative and qualitative, has produced a major shift in the nuclear and conventional balance; and

WHEREAS, The United States has made a conscious choice to restrict its strategic nuclear force development in an effort to encourage similar restraints from the Soviets; instead, they aggressively stepped up their strategic nuclear program and show no signs of slowing; and

WHEREAS, The Soviet Union, in the area of conventional forces, had long held an over-all quantitative advantage; but in recent years that advantage has widened in almost all categories as major weapons are being produced at rates exceeding those of the United States and its NATO allies combined; and

WHEREAS, The Soviet Union's miltary posture has become increasingly offensive in orientation and they have significantly expanded the global reach of their military forces, enhancing their ability to project influence and power; and

WHEREAS, The expansion of Soviet miliary might and their willingness to use it as demonstrated in their invasion of Afghanistan has upset the balance of power that had kept the peace between the superpowers; and

WHEREAS, The President has requested a defense budget authority to Fiscal Year 1985 of $305 billion; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we call upon the Congress to support the President's Five Year Defense Plan (Fiscal Year 1985-89) based upon a policy of peace through strength thereby ensuring a continued national defense posture of readiness, sustainability and modernization.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 387

COMMITTEE : NATIONAL SECURITY

SUBJECT : PERMANENT CHANGE OF STATION (PSC) MOVES

WHEREAS, Military people must personally assume an increasingly greater portion of the costs of permanent change of station (PSC) moves; and

WHEREAS, Inadequate reimbursement of officially-directed moves puts military people at an unfair disadvantage and adversely affects retention; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that PSC mileage allowances and household goods weight limits must be increased to realistic levels as proposed by the Department of Defense.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 388

COMMITTEE : NATIONAL SECURITY

SUBJECT : MODERNIZE THE UNITED STATES NAVY

WHEREAS, Every major conflict since World War I has demonstrated the need for naval superiority in order to conduct successful naval combat against an armed hostile force; and

WHEREAS, The Soviet Union now possesses the requisite number of ships to potentially deny sea superiority to the United States in an armed conflict involving those two nations; and

WHEREAS, Soviet use of sea power has allowed them to challenge U.S. influence in areas of the world most critical to the security of the United States; and

WHEREAS, Our national survival and the security of our allies depend on the ability of the United States to maintain sea superiority in order to foster the strategic sealift capability, power projection capability and the strategic combat capability of the U.S. Navy; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we urge the Administration and the Congress to continue to provide the necessary funding to modernize; the U.S. Navy in order to maintain the most-up-to-date equipment available for the close sea support capability, strategic sealift and sea superiority roles assigned as the Navy mission.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 3[illegible]

COMMITTEE : NATIONAL SECURITY

SUBJECT : ARAPAHO PROJECT (NAVAL RESERVES)

WHEREAS, The Naval Reserve mission, in the event of mobilization, is ASW support; and

WHEREAS, The Naval Reserve forces lack a ready, mobile aviation facility capable of being transported to port facilities to supplement the regular Navy convoy mission; and

WHEREAS, In order to train for their assigned mission, the Reserves currently need to remove active, high-value ships from the ready forces for their periodic proficiency training to provide realism and independence of action; and

WHEREAS, Naval Rererve forces stationed inland must currently be transported to a costal station to give such training for any semblance of realism; and

WHEREAS, ARAPAHO provides an ideal platform for both the convoy escort mission and the training of Reserve forces in that it can be loaded on-board merchant ships indigenous to the convoy to provide a self defense capability, placed on such a ship from the Reserve for short-term training, or even assembled ashore for such training; and

WHEREAS, The ARAPAHO facility developed and owned by the U.S. Navy and currently on lease to the British Royal Navy is due to return next spring to the United States; now, therefore, be it

RESOLVED, By American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that upon its return in the spring of 1985 from the British Ministry of Defense, that the Navy consider placing the Navy's ARAPAHO prototype aviation system in Naval Reserve custody properly outfitted and equipped, and be used in advanced analysis involving Reserve missions (such as ASW) and functions in support of the action established.

SIXTY SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 462

COMMITTEE : NATIONAL SECURITY

SUBJECT : EDUCATIONAL INCENTIVES FOR ACTIVE AND RESERVE FORCES

WHEREAS, Congress has terminated the education program under Chapter 34, Title 38, U.S. Code, for those persons enlisting in the armed forces of the United States on or after January 1, 1977; and

WHEREAS, Congress replaced this educational assistance program with a less generous experimental contributory program under Chapter 32, Title 38, which is known as the Post-Vietnam Era Veterans Education Assistance Program, or "VEAP," wherein the Federal Government matches on a two-to-one basis the deposits by the individual military member to VEAP; and

WHEREAS, The Secretary of Defense is authorized under this program to contribute additional unspecified amounts to an individual's VEAP account above that level as a recruiting or retention incentive; and

WHEREAS, The armed services have testified that the VEAP program is not effective as a recruiting and retention tool; and

WHEREAS, All military services are currently experiencing great success in recruiting and retaining military personnel due to adverse economic conditions but it is apparent that this problem will worsen in the 1980s as the number of 18-year old personnel decline to 1.7 million in the latter part of the decade, thus requiring the services to recruit 50% of all military age males who are physically and mentally qualified and who are not enrolled in college in order to meet the manpower need of the services; and

WHEREAS, The American Legion believes that educational incentives play an important part in the recruitment and retention of personnel, and any attempt to restrict or delete such benefits as a cost-saving measure would adversely affect the military services ability to meet their accession and retention goals; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we urge Congress to enact legislation which would authorize and fund an effective education incentive program to support retention and recruiting for Active and Reserve forces; and, be it further

RESOLVED, That The American Legion recommend to Congress that any such educational incentive program be funded by the Defense Department but be administered by the Veterans Administration since the VA currently has staff and expertise to administer such a program.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 526

COMMITTEE : NATIONAL SECURITY

SUBJECT : SUPPORT FOR A STRONG U.S. NAVAL SERVICE AND U.S. MARINE CORPS RESERVE

WHEREAS, The U.S. Naval Reserve and the U.S. Marine Corps Reserve have been essential arms of the United States military for many years; and

WHEREAS, The U.S. Navy with Congressional and Administration support has embarked on a modernization effort for the U.S. Naval and Marine Corps Reserve; now, therefore, be it

RESOLVED, By American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we urge Congress and Administration to support the efforts of the U.S. Navy to modernize the U.S. Naval and Marine Corps Reserve to insure that they have the necessary resources to obtain and maintain a high standard of readiness.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 550

COMMITTEE : NATIONAL SECURITY

SUBJECT : MILITARY QUARTERS ALLOWANCE

WHEREAS, Active duty members of the armed forces are paid a quarters allowance in lieu of on-base quarters when such quarters are not available; and

WHEREAS, Such quarters allowances have always been provided as a non-taxable monetary benefit to military personnel; and

WHEREAS, The Internal Revenue Service is considering ruling that their auditors have the authority to subtract the military quarters allowance from total tax deductions claimed for mortgage interest and real estate taxes; and

WHEREAS, This IRS action would result in an inequitable and discriminatory tax burden on some but not all military personnel, in that it would affect only those who purchase homes and not those who occupy government quarters or rent private quarters; and

WHEREAS, Taking this benefit away from military personnel will make it even more difficult to attract and retain qualified people in the armed forces; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we support legislation to prevent the Internal Revenue Service from disallowing tax and interests deductions on home purchases paid for with tax free military quarters allowance.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 555

COMMITTEE : NATIONAL SECURITY

SUBJECT : VIETNAM WAR G.I. BILL BENEFITS

WHEREAS, Educational benefits available to Vietnam Era members of the armed forces are due to expire on December 31, 1989 unless the termination date for the program is changed; and

WHEREAS, The eligible service members will lose these benefits unless the termination date is changed; and

WHEREAS, Many of these service members may leave the armed forces to continue their education rather than see the benefits expire; and

WHEREAS, These separations could cause service personnel turbulence in the mid-level supervisory ranks thereby causing an increase in costs to train replacements for those who will leave; and

WHEREAS, Assistant Secretary of Defense Lawrence J. Korb has expressed support for the extension of the termination date as being critical to the continued effectiveness of the armed forces; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we support legislation to extend the termination date of the Vietnam War educational benefits for those members of the armed forces who choose to make the military a career; and, be it further

RESOLVED, That we support funding by the Department of Defense for the additional costs incurred by this action.

SIXTY-SIXTH ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
SEPTEMBER 3-5, 1984
SALT LAKE CITY, UTAH

RESOLUTION NO.: 603

COMMITTEE : NATIONAL SECURITY

SUBJECT : SELECTIVE SERVICE SYSTEM

WHEREAS, The defense of the nation requires the maintenance of a system of military manpower procurement equal to meeting the needs of present and foreseeable defense commitments as well as primary mobilization demands; and

WHEREAS, The Selective Service System has proven itself to be fully effective in meeting the vital national needs during all wars this nation has been engaged in during this century, as well as the requirements of the peacetime Army since World War II until 1973; and

WHEREAS, The current registration program has been highly successful; and

WHEREAS, A viable Selective Service system with registration is the minimum to meet the necessary mobilization requirements; now, therefore be it

RESOLVED, By The American Legion in National Convention assembled in Salt Lake City, Utah, September 3, 4, 5, 1984, that we support: (1) the maintenance of the Selective Service System as a viable preparedness measure; (2) the continuation of the current registration program; (3) supports local boards in a registrant's own community having the responsibility for determining his availability and the issuance of induction orders rather than depend on an untried, centralized computer system; (4) supports the training of Reserve and National Guard personnel in Selective Service Manpower Mobilization Procedures; and, be it further

RESOLVED, That the President and the Congress be urged to provide the necessary budgetary support for the Selective Service System so that the mandates of the Military Selective Service Act are enforced and the Selective Service System is able to meet the manpower requirements of the Department of Defense when called upon.

RESTORATION OF DRAFT

Senator STEVENS. I note this year the Legion has taken a position in favor of the restoration of the draft.

Have you pursued that in your publication?

Mr. SCHLEE. Yes, sir; we have had that position for 3 consecutive years now.

Senator STEVENS. Is that right?

Mr. SCHLEE. Yes, sir.

Senator STEVENS. I did not notice it last year.

Mr. SCHLEE. It has been 3 consecutive years at least.

Senator STEVENS. Have you done studies on the effect of manpower cost?

Mr. SCHLEE. I think, obviously, the manpower cost will be reduced. My personal look at this stage of the game is that we do not really need to look at the draft, but if we couple the draft of the 1990's with the baby bust, baby bust economy, and if there is a reversion to the antimilitary viewpoint that many people in society have, we will be facing serious challenges in the 1990's.

Senator STEVENS. There is a serious challenge. I wonder if it will be possible to restore a draft in a short period of time?

I have asked for some studies on that. I just wondered if you had made any studies?

Mr. SCHLEE. We have not done independent studies. I know that the registration process is a marked success. We are up to 96 or 97 percent of eligibles as selective service, the realities of converting these into a mobilization plus 30, in my personal view, remains to be seen.

Senator STEVENS. Thank you very much. We appreciate your appearance.

Mr. SCHLEE. Thank you, sir.

Senator STEVENS. Our next witness is Father Collins from Georgetown.

[No response.]

Senator STEVENS. Let me again ask, is there anyone from the U.S. Defense Committee here now?

Is there anyone here from the Institute of Electrical and Electronics Engineers?

[No response.]

SUBCOMMITTEE RECESS

Senator STEVENS. Father Collins is not here. Very well, the subcommittee stands in recess until Thursday, May 1, when we will once again hear statements from nongovernmental witnesses.

Thank you very much.

[Whereupon, at 10:45 a.m., Tuesday, April 29, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, May 1, 1986.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1987

THURSDAY, MAY 1, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens and D'Amato.

NONDEPARTMENTAL WITNESSES

PREPARED STATEMENT OF SENATOR D'AMATO

Senator STEVENS. Good morning.

We are here today to continue to receive testimony from nongovernmental witnesses on the fiscal year 1987 budget request for the Department of Defense.

In order that we proceed on schedule, we ask that the witnesses restrict their statements to 15 minutes.

We will begin this session with testimony from Mr. Mack McKinney, legislative counsel, Non-Commissioned Officers Association.

First, my good friend from New York, Senator D'Amato.

Senator D'AMATO. Thank you, Mr. Chairman.

Mr. Chairman, I am going to ask that my statement be placed in the record. Unfortunately, I have another hearing at 10 o'clock, and I chair still another hearing at 10:30.

I certainly look forward to tomorrow's hearing with respect to the intelligence community and its budget so that we can get an overview of that.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF HON. ALFONSE D'AMATO, U.S. SENATOR FROM NEW YORK

Mr. Chairman, thank you for holding this second of two hearings to allow nongovernmental witnesses to discuss various matters of importance to the defense appropriations process.

I want to thank all the witnesses for coming before our committee today. I look forward to the testimony of Mr. C.A. McKinney with the Non-Commissioned Officers Association; La Vern E. Wever with the National Guard Association; Mr. Walter

Larsen of the Western Shipbuilding Association; Col. C.J. Lively, Reserve Officers Association; Mr. John Hunter, Association of Civilian Technicians; Mr. Gordon Adams from the Center on Budget and Policy Priorities; Mr. Andrew Gleason from the Joint Policy Board for Mathematics; and Master Chief John Thomas, from the Naval Enlisted Reserve Association.

Facing, as we now do, the possibility of drastic cuts in our defense spending, the assistance from groups and organizations concerned with our national security will become increasingly important. We must remember that the actions taken by the Pentagon and this committee affect more than just our defense posture. With a defense budget close to $300 billion, decisions on defense spending and policies can have a tremendous impact on several different fronts, including the economic prosperity of whole industries and numerous local communities.

It is important for Congress to have the information and recommendations provided by interested groups such as the ones appearing before us today if we are to make intelligent and informed budget and appropriations decisions.

Thank you, Mr. Chairman.

NON-COMMISSIONED OFFICERS ASSOCIATION

STATEMENT OF C.A. "MACK" McKINNEY, LEGISLATIVE COUNSEL, NON-COMMISSIONED OFFICERS ASSOCIATION

MILITARY RETIREMENT SYSTEM

Senator STEVENS. Good morning, Mr. McKinney.

Mr. McKINNEY. Thank you, Mr. Chairman.

My remarks will not go beyond 15 minutes. In fact, in 15 minutes I might be able to read my entire statement.

Senator STEVENS. You may read it or we will put it in the record, whatever you would like to do.

Mr. McKINNEY. Yes, sir.

Mr. Chairman, there are threats that if the military retirement system is not reformed or if the Gramm-Rudman-Hollings Act is triggered for fiscal year 1987, the armed services will have to let hundreds of thousands of service members return to civilian life.

If such should occur, the effect on military personnel will be devastatingly unfair and we will set back the military services to its bitter days of the 1970's.

Let us assume the defense manpower budget must be cut and is, or that the military retirement reform package is not adopted by Congress. Who then will get it in the neck? More than likely DOD will look first to release as many enlisted personnel as possible.

My question is: Why? Why must it always be the enlisted service member? Why cannot DOD look to other possibilities?

The distinguished chairman of this panel has questioned DOD on its buildup of civilian defense workers while a colleague, Senator John Glenn of the Armed Services Committee, has interrogated defense officials on the growing ratio of officers versus enlisted personnel

Now, although NOCA does not advocate, and I repeat does not advocate, the termination of anyone's employment, it does suggest it is less devastating on many Federal civilian employees and commissioned officers than on enlisted personnel.

First of all, Federal employees, and, I might add, those of foreign hire, can be vested and some can be authorized to retire early. Commissioned officers can receive severance payments amounting to as much as $30,000 and, of course, are better qualified to find civilian employment.

Enlisted personnel by virtue of DOD's lack of concern still remain at the back of the bus, entitled to absolutely nothing if they are released or discharged from active duty.

Further, their future in civilian life will be tougher because one might expect most will be from the combat forces, they will be unskilled, and some years behind their buddies who remained in civilian life and already have employment.

Of course, DOD may counter this suggestion with a claim that civilian employees cost less than uniformed personnel. But if all pay and retired pay is tabulated, the civilian costs a lot more, costs the taxpayer more. It costs DOD less, that is true.

Our military continues to be highly personnel oriented. It cannot operate efficiently without highly qualified and motivated people. So, it would be a shame to lose them.

So, I come before this distinguished panel to seek funding for the fiscal year 1987 military personnel account as requested. However, those funds earmarked for additional manpower, NOCA believes, should be diverted to pay a cost-of-living allowance to the military retirees and their survivors.

The reason we do this, sir, is simply one of good recruitment for the military services alone. I had two tours of recruiting duty during times when recruiting was tough, back in the 1960's, for example, during the Vietnam war. In both cases it was many of the retirees who were able to go out and get new recruits for us so that we could obtain our quotas by the end of the month.

We also provided bonuses for individuals to join the Individual Ready Reserve. So, we see that with retirees being in that same pool for recall, they should be given a cost-of-living adjustment as promised to them some years ago.

There are other people issues that NCOA has addressed in its prepared statement and I would like to comment on one more and hope the panel members will take a moment or two to review the others.

MILITARY RETIREMENT SYSTEM REFORM

This is one issue that is quite disturbing to our membership and to most uniformed personnel. It is a rush to reform the military retirement system. A final passage of any of the proposals now under consideration will adversely affect not only the future uniformed members, but those who are currently serving on active duty.

Granted, a lot of thought went into these proposals, but much of it, Mr. Chairman, was misdirected. None that can be seen went in to address the fact that in the military forces many of its people do retire at 20 years. Most of these are enlisted personnel in grades E-6 and E-7. They comprise the largest group of military retirees.

Many of them, particularly in grades E–6, still find their future clouded by shortages in advancements and pay increases for length of service. E–6's, for example, receive no longevity pay after the 18th year of service. The E–7 must face the probability of not being promoted beyond that particular grade that he or she is holding at that time.

Why? There is a 3-percent limit on the number of enlisted people who can be in the top two senior grades. Advancement for an E–7 is very doubtful in most cases. So, we ask why then should they want to stay longer than 20 years? There is absolutely nothing for them to stay for.

The proposal under consideration may well be titled, and this is NOCA's title, "The Retired Officers Retirement Protection Act." It should be rejected and the current system funded until a more satisfactory plan is adopted that is less devastating to our enlisted personnel.

Thank you, Mr. Chairman for your time. I stand prepared to answer any questions.

Senator STEVENS. I appreciate that statement. I have looked over your statement. We do not really have jurisdiction over the Retirement Act. We have jurisdiction over the impact of the change if it comes about.

I note that it is supposed to be passed by June 1. I assume you have made those comments to the Armed Services Committee?

Mr. MCKINNEY. I certainly have; yes, sir.

Senator STEVENS. We thank you very much. We will look forward to that with interest.

Mr. MCKINNEY. Thank you, sir.

[The statement of Mr. McKinney follows:]

NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

STATEMENT OF

Sergeant Major C. A. (Mack) McKinney USMC Ret.
Legislative Counsel

Mr. Chairman. The Non Commissioned Officers Association of the USA (NCOA) is the largest of the enlisted quasi-military associations chartered in the United States. Its membership is at least 90 percent enlisted, identifiable by NCO and Petty Officer grades E-4 through E-9, with an estimated 83 percent on active duty or in the guard or reserve of the Army, Navy, Marine Corps, Air Force and Coast Guard. In addition to the approximate 11.6 percent of the membership categorized as military retirees, another 13 percent is expected to be transferred to that category during 1986 and 1987.

Military Manpower

The most important item in the defense budget is military manpower. It is this skilled base that operates our state-of-art weapons and equipment, keeps those weapons and equipment in combat-ready condition, and stands prepared around the world to defend and protect this nation and its citizens. Since FY 1980 Congress has improved quality-of-life for military personnel, mostly through increased fundings for compensation, housing, and family-related programs. The result has been a tremendous boost in personnel quality and combat-readiness, the highest ever recorded in the peacetime history of our armed forces.

This very fact was alluded to by the chairman, House Committee on Armed Services, late last year following a series of hearings before his panel. In an analysis of the $1 trillion spent on defense since 1981 he noted that only military personnel showed an "unqualified success." All other military capabilities, he said, were "at best, marginal."

The question now is whether the nation, this Congress and, yes, this President is committed to the retention of the high-state of personnel readiness the military services enjoy today, or shall we return to the 1970s when the status of the forces could be described only as deplorable?

The answer lies in what will be done in the military personnel, operations and maintenance (O&M), and military construction accounts for Fiscal Year (FY) 1987. If any one of the three is affected by even a minor reduction in funds the readiness of the forces suffers. A loss in housing affects morale. A loss in O&M funds affects training. A loss in military personnel funds affects quality, experience, skill and strength levels.1/

This statement makes only light reference to O&M and housing, although both are important in any discussion of defense authorization and fundings. O&M funds include appropriations for training, medical care, etc.; all of which are directly related to people. Likewise with housing. One need not exist without the other. Yet, this association continues to find those in Congress who believe otherwise. "Procurement" and "Research and Development" appear to be the magic combination. Fund these two programs first (using the excuse that only a minor dollar fraction may be salvaged each year from outlays) then cut sharply into people programs. For them there's always the draft.

This sort of theory and practice may save some money today but it's for certain it can strip naked an experienced force of quality manpower.

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1 Military personnel appropriations, for the purpose of this statement, include those earmarked for paying the current and future retired component and survivors.

Funding Request - FY 1987

The FY 1987 Defense Budget contains a request for $74.2 billion in appropriations for military personnel. According to the CONGRESSIONAL RECORD of Feb. 5, 1986, pp H 351-H 354, this sum is about $2 billion greater than that for FY 1986 (see table below). The major increase results from a requested military pay hike of 4 percent and additional manpower of 14,000 for the active forces and 52,000 for the selected Guard and Reserve.

SUMMARY OF BUDGET REQUEST FOR ACTIVE AND RESERVE FORCES

(In millions of dollars)

	Enacted	Proposed sequestration and transfers	Total Fiscal Year 1986	Fiscal Year 1987	Change
Active Forces	$59,610	$3,894	$63,504	$64,738	+ $1,234
Reserve Forces	8,296	358	8,654	9,465	+ 811
Total	$67,906	$4,252	$72,158	$74,203	+ $2,045

The additional personnel for FY 1987 should cost approximately $500 million in FY 1986 dollars (based on average cost per servicemember for FY 1986), or about one-fourth the $2 billion increase referenced in the preceeding paragraph. Yet, there is a pay increase of 4 percent programmed for military personnel costing $2.6 billion. Since these two new items add to a $3.1 billion total there's an apparent savings of about $1.1 billion somewhere in the Department of Defense (DoD) outlays for earlier years.

Wherever the difference is credited, NCOA is concerned that any reduction in the FY 1987 military personnel account, triggered by the Gramm-Rudman-Hollings budget legislation or by a cost-conscious Congress, may cause DoD to seek a decrease in active-duty, year-end strengths below those authorized for FY 1986. Hardest hit would be the enlisted corps; many of its members with five or more years of credible service.

For them there is no severance or rehabilitation pay.

Enlisted Severance Pay

Some years ago NCOA attempted to have Congress address the blatant and inequitable practice of offering severance or rehabilitation pay to the majority of its federal workforce, including commissioned officers of the uniformed services of the United States and foreign employees, but not to enlisted personnel of the Nation's armed forces. A number of Congressional bills were sponsored in the Senate and House, but oversight committees refused to hear arguments for consideration.

DoD officials said they couldn't support the legislation because enlisted personnel were allowed to "cash-in" up to 60-days unused leave at the end of every enlistment. Officers could not. Others claimed no support because enlisted personnel were paid bonuses for each enlistment and reenlistment travel pay. Officers were not.

However, in the mid-1970s the laws were amended limiting the "cash-ins" for enlisted personnel the same as for commissioned officers and terminating automatic bonuses and reenlistment travel payments. "Now," said NCOA, "severance pay for enlisted personnel can be addressed."

But it wasn't. DoD and some-of-the-then-incumbant subcommittee chairmen made the excuse that severance pay was really a subject to discuss only when the military retirement issue came up again in Congress. They stuck by this half-baked reason even after the Defense Officers Personnel Management Act (DOPMA) was adopted a few years later. The amount of severance pay authorized in DOPMA for commissioned officers went from a maximum of $15,000 to $30,000. Still there was no relief for discharged enlisted members with the same number of years of honorable service as may be required of the officers to qualify for severance payments.

Even today- some ten years after enlisted personnel lost eligibility to "cash-in" 60 days of unused leave at the end of each enlistment- and receive automatic reenlistment bonuses and travel payments- there is no severance pay for them. Last year, when DoD submitted the two options prescribed by Congress to change the military retirement system, neither one addressed severance pay for enlisted personnel. Recently, the House Armed Services Committee marked up its new proposed military retirement system. It, too, contains no provisions to authorize severance pay.

NCOA believes that until Congress provides an enlisted severance pay measure, this panel should refuse to provide any funds to accomodate a new military retirement system for enlisted personnel.

COLA

NCOA advocates no reduction in personnel appropriations for the current forces. However, funds requested to add 14,000 active duty and 52,000 reservists should be diverted to pay military retirees and their survivors a cost-of-living adjustment (COLA) in FY 1987- one that was unfairly denied in 1986 and not included in the President's budget for 1987.

The idea that most social security recipients and most veterans in receipt of VA compensation really need the COLA more than military retirees is pure nonsense. Not only are military retirees veterans but many of them are qualifying for and using food stamps in military commissaries. The Exchange & Commissary News, in its March 1986 publication, reported military customers spent $20 million in food stamps in comstores in FY 1985- "a substantial portion... by military retirees and widows of military members."

NCOA believes it is imperative that Congress support the COLA over the President's objection. Further deterioration of promised retirement entitlements will adversely affect the current forces. Experienced and highly-qualified personnel may very well do what their older comrades did in the 1970s- vote with their feet. The Nation can ill-afford a reincarnation of those days, then later have to appropriate funds to repair damages done earlier.

Retirement

NCOA is concerned that any adverse modification to the current military retirement program, even if it is "grandfathered," will be perceived as another deterioration of promised benefits. Most of the proposed changes floating around the Pentagon and Capitol Hill have a built-in COLA provision. Since Congress isn't keeping its word on COLAs for current military retirees, there's not much hope future retirees will believe this body will sustain such a promise in the years to come.

The House Armed Services Committee (as of this writing) has marked-up a proposed new system (H.R. 44201). NCOA refers to it as the "Senior Officers Retirement Protection Act." It reduces the retired income of mid-level NCOs and Petty Officers (e.g.-E-5s, E-6s and E-7s) to far below minimum proverty levels. Enlisted NCOs and POs in grade E-7, for example, would under the House proposal lose more than $2,000 annually in retired pay, then have to hope Congress will be generous enough to afford them an occasional COLA. NCOA cannot believe Congress would be so inconsiderate as to "buy" the House Armed Services' proposal. Congress should be able to foresee the damage it will do to our future military manpower picture. The bill should be rejected in favor of the best of the plans offered and under consideration.

Other Programs

A. PAY RAISE. Military pay is lagging some 8 percent in comparability pay with the civilian sector. Thus, NCOA advocates adoption of the President's 4 percent increase in military pay to be effective Oct. 1, 1986.

B. OVERSEAS TOUR LENGTHS. NCOA disagrees with Congressionally-mandated, longer unaccompanied tours of duty overseas for servicemembers. Twelve-to-thirteen months is adequate for many places while 18-to-24 months is more than adequate for others. The military services should be able to better qualify the length of tours best suitable for their people. However, if insistence dictates an extension of overseas tours, NCOA recommends that Congress authorize and fund free transportation to and from an eligible place (chosen by the servicemember) so that overseas tours will be less arduous. Authorization should include a period of uncharged leave; perhaps, five days.

C. OVERSEAS TOUR EXTENSION INCENTIVE PROGRAM. NCOA recommends improving this incentive to relate to but be greater than that in item B above.

D. DISLOCATION ALLOWANCE. NCOA agrees with a House subcommittee's 2/ rationale, contained in Section 611 of House Report 99-81, to double the dislocation allowance. Recommend reauthorization and funding for FY 1987.

E. PCS INITIATIVES. Military personnel continue to carry

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[2] House Armed Services Subcommittee on Military Personnel and Compensation

the brunt of out-of-pocket expenses when moving under governmental permanent change of station (PCS) orders. Some alleviation occurred last year in the FY 1986 Defense Authorization and Appropriations Acts, but more improvement is required so that PCS reimbursements relate closer to those authorized federal employees. NCOA recommends increases in the Household Goods Transportation Allowance and a congressional directive instructing DoD to retain the 300-mile per diem travel computation for determining PCS reimbursement.

F. HEALTH CARE. NCOA recommends some improvements in the current system of military health care. However, some of the suggestions being made by DoD at this time are confusing and ambiguous. There is too much at stake to change horses in the middle of the stream. Our uniformed services should continue to provide full health care to all eligible personnel while slowly turning over those services to contract civilian health professionals, but keeping in mind the concerns and parochialisms of the military. Congress must remember that reshaping years of promises made by the military, to its enlisted personnel in particular, should be considered sacrosanct and not reversible in a sudden move that alarms the retired military community.

G. ELIMINATION OF CHAMPUS DEDUCTABLE & CO-PAYMENT. NCOA applauds the House subcommittee 2 for proposing in FY 1986 the elimination of CHAMPUS deductable and co-payment for active duty dependents living outside military treatment facility catchment areas. This has been a NCOA goal for many years. It is unfair to force payment, no matter how small, on military personnel for medical care for dependents when assigned to remote places while their comrades, at other locations, may receive free care. NCOA recommends its reauthorization and funding in FY 1987.

H. CATASTROPHIC LOSS PROTECTION UNDER CHAMPUS. The association believes this is a necessary program and highly recommends its reauthorization and funding in FY 1987. There is a need to provide limitations on personal expenses military personnel must pay for long-term illnesses for dependents and when retired.

I. CHIROPRATIC SERVICES. NCOA endorses the authorization and funding of such services within the uniformed services.

J. SURVIVOR BENEFIT PLAN. NCOA wasn't pleased with the full spectrum of amendments to SBP authorized last year. The requirements for spousal endorsement changed the very nature of SBP from voluntary to semi-voluntary. It requires almost mandatory participation unless the spouse agrees to let the husband/wife servicemember opt out of the program or for less coverage. This is particularly disturbing when Congress, almost simutaneously, decided not to give a 1986 cost-of-living adjustment to SBP recipients although the legislative intent of SBP was that COLAs would be provided. Since a servicemember is required to pay to participate in the program, it appears totally inappropriate to force the member to obtain his or her spouse's permission not to participate or opt out for a lesser coverage. The SBP could be an outstanding program if it's "fixed" properly. Regretably, the spousal concurrence is not the way to go. NCOA recommends its repeal and that no further funds be appropriated for use in disseminating information or obtaining a spousal endorsement.

K. NEW G.I. BILL. The Administration's assessment of and its recommendation to terminate this program in exchange for VEAP are really "far out." It's an excellent program that will assist in aiding the services to meet their quality recruiting goals over the next 2 years, or longer if Congress so decrees. The program should be funded in full.

Conclusion

In his Fiscal Year 1987 report to Congress, Secretary of Defense Caspar Weinberger begins by stating: "Debate about the defense budget, especially in an era of deficits, rarely focuses on the big picture. Too many of us cannot see the forest for the trees. Even worse, some of us get caught up in the leaves. In an effort to help us all keep some perspective on the forest, let me identify the four central questions each of us should ask ourself in thinking about U.S. defense programs and budgets."

Mr. Weinberger proceeds with the first three questions then states the fourth is rather difficult to answer- whether our defense budget is being spent wisely and effectively? He falters in providing a response to which is most effective for the price tag, people or weapons?

NCOA states unequivocally that the answer is people. More convincing may be the statement made years ago by the late General George S. Patton, Jr., **"Wars may be fought with weapons but they are won by men."**

NCOA believes that procurement funds particularly those for some strategic weapons and naval ships, can be cut or delayed so that the Nation can maintain the positive manpower readiness capability it enjoys today.

NATIONAL GUARD ASSOCIATION

STATEMENT OF LA VERN E. WEBER, EXECUTIVE DIRECTOR, NATIONAL GUARD ASSOCIATION

EFFECTIVENESS OF NATIONAL GUARD

Senator STEVENS. Our next witness is La Vern Weber from the National Guard Association.

Mr. WEBER. Good morning, Mr. Chairman.

NGAUS is most pleased to appear before your committee and support the views of the Chief of the National Guard Bureau and Departments of the Army and Air Force as they relate to the funding of programs for the Army and Air National Guard.

I have a rather lengthy statement. I would like to ask that it be inserted in the record and I will review some of the highlights.

Senator STEVENS. Very well; it will be printed in full in the record. We will be glad to have your comments.

Mr. WEBER. Thank you, sir.

We are most appreciative of the past support that you personally, sir, have provided to the Army and to the Air National Guard, and to this committee.

The Guard continues as a full partner in the total force. Readiness continues to improve, notwithstanding the fact that each and every year the Army and the Air Force are asking us to take on new and challenging missions.

Our leadership is pleased that you accept them and they are moving along very well. We continue to feel that the Guard is a cost-effective element of our total defense. We appreciate your support.

We, likewise, are aware of the pressures that are on the Congress this year to reduce funding. We are most certainly in support of that. We do have some items, however, sir, that we feel are significant and very critical to further enhance the readiness of the Army and Air Guard that are not included in the President's budget request.

We would merely offer these up as suggestions as, if and when funds fall out through your regular legislative process that those funds be applied to some or all of the items that we would like to bring to your attention.

GI BILL

Now, I would like first to start with the GI bill. The GI bill is a very critical issue for the Army and the Air Naional Guard. As of the end of March, 65 percent of the utilization of that GI bill was being taken by the Army and Air National Guard.

Roughly half of the new enlistment or the eligibles for the Army Guard are taking advantage of the program and over one-fourth of those in the Air Guard that are eligible are taking advantage of it. It is very critical.

We are getting some high-quality people and, in my judgment and the judgment of the NGAUS and the Guard leadership, we need that to continue. We would hope that by the time we come back to you next year that we will have some very hard data that will prove the value of that.

It is a 3-year test program, as I know you are aware, and we solicit your support to continue that full 3 years. The cost of the total program for all Reserve Forces is $136 million. We desperately need that.

HOUSING

The second item that I would like to emphasize this morning is, as we have increased the full-time support on the Army Guard side, moving from roughly 5 and 6 percent of our assigned strength to 12.5 percent, most of these individuals are housed in our National Guard armories which are State-owned facilities.

With the expanded number of full-time employees there, many of them Guardsmen called to active duty in the program that we call AGR, they are using these facilities, utilizing the utilities, space has to be modified to accommodate to them, and most of our armories were built for one or two full-time people in the Army. Now we have 6, 8, or 10 there and it is a critical item for the State.

We feel it is a justified Federal expenditure. You, the Congress, started supporting that for us in 1986 and we are grateful for that. There is still some discussion whether or not it is funded at the $6 billion level or plus 27 to that for a total of $33 million.

It is on the House side. It is an interpretation of the law and we think that will probably be resolved at the $33 million level. For this year, 1987, we are asking that $25 million be devoted to that.

I am aware of the comment of the committee last year, in particular the chairman, that you feel that we are moving into an area that is questionable whether or not it should be supported.

As these individuals are in every respect as you describe them and use their job descriptions, they are on active duty, we feel that it is a justified Federal expenditure.

STATE GOVERNORS' CONTROL OF GUARD UNITS

Senator STEVENS. Speaking of Federal expenditures, General, I have been a bit disturbed to hear reports that certain Governors instructed National Guard that they cannot respond to the Commander in Chief's direction to participate in Honduras exercises.

What is the position of the National Bureau ?

Mr. WEBER. I cannot tell you the position of the Guard Bureau. I know that they are providing an opportunity to work with the Assistant Secretary of Defense for Reserve Affairs and he is dealing with this issue and considering the possibility of legislation on it.

States' rights are always an issue as we talk to National Guard issues and concerns. The Governors are very jealous of that prerogative.

For the most part, I would interpret the law and the Constitution—and I am not a lawyer—that training has always been a responsibility of the Congress. They prescribe the standards.

Senator STEVENS. I would like to have the associations's point of view of considering an amendment which I think I will offer to the supplemental appropriations bill next week which will deny Federal funding to any National Guard that refuses to respond to the Commander in Chief's request.

I do not see a reason why we should build armories, provide the airplanes, provide funds, provide full-time Federal people to support the Guard, and read in the paper that some Governor is saying that the Guard cannot respond to a request of the Commander in Chief to participate in exercises such as they have conducted in Honduras.

It seems to me that is giving the States a one-way street. I have had some preliminary discussions with some other Members of the Senate and they appear to feel the same way.

We will have to wait and see what happens. I think that is a very, very significant change in the Department of Defense policy which has led to the utilization of the Guard in that situation in Honduras. It has enabled us to have a military presence. They are training a considerable number of people.

Particularly the Air Guard has been outstanding in the work they have done down there. It has maintained our position of getting people knowledgeable about that area without having to establish a presence such as we did have in Vietnam.

It is the solution for the future to rotate people in and out of places like that and keep a presence and remind people we have the capability to be involved, but not to be involved.

I have been down there and looked at that and I am very pleased with what our Alaska Guard did down there.

I was really disturbed to read about this. I think there are two Guard units under instructions by the Governors not to respond.

Mr. WEBER. Most certainly most share your concern and many share your views on this. For the record, let me tell you that the best information that we have is that one Governor had refused to let his Guard participate and the number of people were 49. Forty-nine total.

Several thousand, 46 States in the last year, Army or Air or both, have participated in those training exercises around the world. So, it is an isolated issue. One State only declined when asked to support this, 49 people.

GUARD AND RESERVE COMMITMENT TO NATO

Senator STEVENS. As you know, I advocate using Guard and Reserve forces to meet a considerable portion of our commitment in NATO. Such an action by a Governor would destroy the credibility of that concept as far as our NATO allies are concerned.

If they were to believe that any day in the future that the Governor could stop the flow of troops that are needed to maintain our commitment in NATO, should we decide to use that concept in NATO, too, then our NATO allies could well reject the concept we are talking about that would be a cost saving as far as the taxpayers are concerned and I think of significant benefit to the Guard and Reserve.

I intend to try to raise that issue next week. I would very much appreciate it if you could ask the association to give us their opinion for the record on that kind of amendment.

Mr. WEBER. Most certainly we appreciate—the people in the Guard Bureau, the Army, and the Air Force—appreciate the many opportunities provided the Guard to train overseas. We have been doing this at a very heavy pace since 1972 and in some degree prior to that time.

We appreciate those opportunities and the support of this committee to provide funds for that. We will be happy to present our views to you, sir.

EQUIPMENT SHORTFALL

The equipment continues to be our No. 1 concern with respect to unit readiness. In the Army National Guard we are at approximately 68 percent of our requirements. We have a bit over $10 billion shortfall of equipment.

We have a shopping list that we have worked, along with the Guard and Bureau, that we will be happy to provide to you for the record.

In addition to that, we are mindful of the request of the Army and the Air Force for equipment and we would like to go on record as supporting two principal items on the Air Force budget, that dealing with the continuing request for funds to support RDT&E and procurement of the C–17. We think that is very critical to both the Army and the Air National Guard. Likewise, to support the air defense fighter competition that is underway at this time.

On the Army side, communication is a very major inhibitor to deployment readiness and indeed combat readiness. The Army has now a new communication system called the multiple subscriber equipment [MSE]. They have been through 2 years of research and development. This year they desire to purchase the first package at $904 million.

We in the Guard are recipients of part of that first package of equipment. It is a III Corps package and with a few units from an additional corps, but we are really supportive of that one and we think it is really very necessary.

ATTACK HELICOPTERS

Likewise, in the area of attack helicopters, we are in pretty desperate straits there and we support the Army's request for 144 of the AH–64's of which the Guard is scheduled to get 18 of those.

With those brief remarks, sir, I would like to respond to any questions that you may have.

[The statement of Mr. Weber follows:]

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

STATEMENT BY

LIEUTENANT GENERAL LA VERN E. WEBER (RET.)

EXECUTIVE DIRECTOR

Mr. Chairman, and members of the subcommittee, I sincerely appreciate this opportunity to appear before you today to present the views of the National Guard Association of the United States on the readiness requirements of the Army and Air National Guard.

THE ROLE OF THE NATIONAL GUARD

This year, the National Guard commemorates 350 years of service to the community and the nation. From the first organized militia units in the Massachusetts Bay Colony in 1636 until today, the National Guard has played an important role in the preservation of the freedom of this republic. A call to duty of the National Guard has historically signified the nation's willingness to undertake the sacrifices necessary to protect that freedom.

The Guard's historical role in defense of our nation was formally recognized with the initiation of the Total Force Policy in 1970. Today, the Guard is counted upon as a full partner in the Total Force. Current national strategy has Army National Guard and Air National Guard units "on the line" alongside active counterparts in a matter of days after mobilization.

The Total Force Policy has resulted in an increased reliance on National Guard and Reserve forces. Army and Air National Guard units are tasked in war plans developed in response to defense strategy directed by our national command authorities. This nation absolutely requires a well-equipped and well-trained National Guard if it is to be fully capable of fighting and winning any future conflict.

In order for the National Guard to meet all of its wartime deployment objectives, it must be manned, equipped, trained and properly led. Transportation assets needed for overseas deployment of the Total Force must be available. If any of these requirements are neglected, the wartime capability and reliability of the Total Force will suffer. Increased personnel manning, an influx of new equipment, and intensified training demands are all the consequence of increased readiness requirements placed on National Guard units.

The NGAUS continues to recommend that the force structure for the Army and Air National Guard should not be expanded unless the current National Guard force is programmed to be fully resourced with required manpower and modern, deployable equipment.

The readiness of all of our military forces is seriously threatened by the current overwhelming Soviet advantage in chemical warfare. Although the ability of National Guard units to survive and operate in a chemical environment has improved in recent years, those units would only function at 60 percent or less of full wartime capacity in such an environment. Only a national effort to obtain a modernized, safe chemical retaliatory capacity is likely to deter use of chemical weapons and promote an effective chemical weapon ban. We urge full funding and start-up of production of binary chemical munitions.

The specific proposals of the National Guard Association for FY87, to ensure the readiness of the National Guard to meet its deployment objectives, are outlined below.

SELECTED RESERVE MANPOWER

Although equipment, training, and facilities are essential, the most important factor in Army and Air Guard readiness is the ability to recruit and retain the required number of qualified personnel. This will become a more difficult task as the manpower pool of the nation continues to diminish, and could be further impacted by any reduction in popularity of military service among our service-aged population.

At the end of FY85, the ARNG had attained a strength of approximately 440,000 and the ANG had achieved an end strength of more than 109,000. With programmed growth of over 22,000 in the Army Guard and almost 6,000 in the Air Guard by the end of FY87, and continued growth programmed through FY90, the effectiveness of recruiting and retention efforts remains critical.

The New G.I. Bill Educational Assistance Program for the Selected Reserve, which began on 1 July 1985, has already proven to be a valuable incentive for across-the-board recruitment and retention. The National Guard Association strongly supports continuation of the New G.I. Bill and urges that the program be expanded to cover educational options, including high tech training, and be made permanent as quickly as the test results support such action. Any attempt to eliminate this extremely effective new incentive would have a drastic negative Guard and Reserve recruiting impact, in the opinion of the National Guard Association.

The current Selected Reserve Incentive Program has also been very effective in providing targeted incentives to recruit and retain personnel with critical skills or who are found in specified high priority units. As with the G.I. Bill, authorization for enlistment and reenlistment bonuses should be made permanent entitlement programs in law, rather than be dependent on periodic approval of authority and annual appropriation of funds.

Due to the critical shortage of health care professionals and its potential impact on the initial warfighting capability of the Total Force, the National Guard Association also fully supports immediate approval of the Selected Reserve Health Professionals Incentive Act, (H.R. 1498), to improve recruiting and retention in this area. The programmed growth of medical units in the National Guard and Reserves will be difficult to attain without the added incentive of accession bonuses and continuation pay.

FULL-TIME SUPPORT

In addition to the Selected Reserve manpower requirements of the Army and Air National Guard, there is a growing requirement for full-time support personnel, who are essential to the production of combat readiness. These personnel perform those day-to-day functions which must be accomplished if a unit is to be effective during peacetime; i.e., personnel administration, supply accounting, and maintenance of equipment and support facilities which are essential to the training of Guard personnel. If a unit is to make maximum utilization of its limited training time, full-time personnel must be available to plan for, support, and participate in unit training sessions.

The Army and Air National Guard have a mix of military technician and Active Guard/Reserve (AGR) personnel. While the proper mix and comparative cost effectiveness of the two categories continues to be reviewed, there is a recognized requirement for additional full-time personnel. The following table reflects the shortage of full-time unit support personnel that will exist in the Army and Air National Guard at the end of FY87:

	ARNG	ANG
DoD Validated Requirement	65,863	32,959
Authorized Military Technicians	27,129	23,282
Authorized AGR	28,721	7,763
Shortage	10,013	1,914

Last year, the Congress reduced the Army National Guard full-time personnel authorization from the FY86 President's Budget request. In view of the essential requirement for full-time support, and the current shortage in meeting that requirement, the National Guard Association urges the Congress to authorize and fully fund the full-time manpower requests contained in the Army and Air National Guard budgets for FY87.

RETIREMENT

The justifiable concern of the large budget deficit has caused much attention to be focused on the cost of the military retirement system. However, we believe the current system is one of the most effective incentives for retaining highly-qualified military members who have been trained at great expense and whose most productive years would be forfeited if they left at mid-career. The National Guard Association supports the retention of the current military retirement system and believes that it is absolutely essential to preserve the current linkage between the Active and Reserve military retirement systems.

The existing Guard/Reserve retirement plan is a minimum requirement for maintenance of a stable Guard force. We believe the present system should be improved by allowing members of the Selected Reserve to be credited with all earned retirement points. Enactment of legislation to eliminate the existing 60-point ceiling would encourage members to participate in unit training assemblies over and above the number which they are now required to attend.

Many military technicians are separated from the National Guard at an age earlier than the age 60 military retirement eligibility date by actions of retention boards and the attritive provisions of the Reserve Officers Personnel Act. Additionally, many technicians must possess military skills which demand physical strength, coordination and stamina to the extent that members older than age 55 may have difficulty in meeting the continued physical demands of their military skills.

While Guard military technicians are subject to the provisions of the Civil Service retirement system, their technician career is dependent on continued membership in the Selected Reserve. Termination of such membership results in forced termination of their technician employment.

The current actions in revising the Civil Service retirement system could result in a significant reduction in annuity from the date of retirement until receipt of Social Security at age 62. The National Guard Association strongly urges enactment of legislation to provide all National Guard military technicians with a supplemental annuity from the date of retirement until receipt of Social Security.

FAMILY AND EMPLOYER SUPPORT

In many instances, the greatest impact on the ability to recruit and retain an individual in the Selected Reserve is the support, or lack of support, given by the immediate family and the full-time employer of the prospective member or members.

Many legislative improvements have been made in recent years designed to encourage family support. The expansion of medical care to cover members for illness or disease incurred during inactive duty training and the provision of medical and space-available dental care for surviving dependents of members who die in any type of duty status are two examples.

However, several inequities continue as irritants which could be corrected at little cost. The National Guard Association supports legislation which would provide limited commissary and exchange privileges to active members of the Selected Reserve and their families, and to extend those privileges to members who are otherwise eligible for retirement pay, but have not yet reached age 60. We believe each of these benefits will be perceived as an incentive for continued family support of Guard members.

With the increased reliance on the Guard and Reserve as full partners in the Total Force, it is essential that every effort be made to ensure employer support of membership in the National Guard and Reserve. Such efforts should include legislation that would prohibit discrimination in hiring and would provide an incentive in the form of tax relief for private sector employers of Guard and Reserve members. The National Guard Association supports H.R. 2798, which prohibits discrimination against the hiring of persons who belong to the Guard and Reserve. This bill is essential if Selected Reserve membership is to be maintained or increased over current levels.

EQUIPMENT REQUIREMENTS

The most urgent Army and Air National Guard requirements are addressed in brief in the following paragraphs:

ARNG Air Defense Weapons Systems

There are no deployable air defense weapons assigned to six of the eight existing Army National Guard divisional air defense battalions. Currently, two of those battalions have been partially equipped with Chaparral missile systems.

We understand that the Army is reviewing the capabilities of at least four existing off-the-shelf forward area air defense systems for possible procurement to replace the cancelled SGT YORK division air defense gun. When decisions on procurement of a replacement system are made, it is vital that the Army National Guard forward air defense requirements are included in that programmed procurement in order to fully modernize units currently equipped with non-deployable Duster air defense gun systems.

The M-113 Family of Vehicles

The M-113 Family of Vehicles includes several types of combat vehicles, all derived from the M-113 armored personnel carrier. Army National Guard requirements for all types of M-113 family of vehicles, to include M-113 armored personnel carriers, M-901 Improved TOW Vehicles, M-577 command post carriers, and M-981 FIST-V fire support team vehicles, total 3,500 vehicles. There is a Total Army shortage of about 7,000 vehicles in the Active Army and the Army National Guard. Consideration should be given to continuing production of the M-113 family of vehicles until all shortages have been overcome. The National Guard Association urges that a program be established to fill Army National Guard M-113 family of vehicle requirements over the next several years, and, in particular, to fill the shortages of 1,484 armored personnel carriers, 1,140 improved TOW vehicles, 445 command post carriers and 452 fire support team vehicles.

Simulators/Training Devices

The Army Guard and Army Reserve provide almost 50 percent of the wartime strength for the Total Army, yet their training time, training facilities and equipment are limited. Simulators and training devices are of tremendous value to Guardsmen and Reservists in helping to overcome those limitations. Current Army simulators and training devices are designed for use at major training centers with maximum utilization by large groups of soldiers. In the FY86 Budget, the Congress authorized $5 million to fund research and development of training devices and simulators developed specifically for Guard and Reserve home station training. In addition $50 million was provided for off-the-shelf purchase of currently available training devices and simulators for use by the Army National Guard. Low cost simulators and training devices suitable for use in the armories and training centers of the Guard and Reserve are urgently required to maximize the use of available training time and to increase unit readiness. We urge the continued funding of both research and development and procurement of such devices.

Attack Helicopters

The Army has programmed the procurement of a total of 675 AH-64 attack helicopters for the Army and the Army National Guard. Currently, the Army is procuring 144 of those helicopters each year. In the FY85 and FY86 Defense bills, the Congress directed that 18 of the 144 AH-64s bought by the Army in each of those two years would be assigned to the Army National Guard. When those 36 AH-64s are assigned to the Army National Guard, and when the programmed Army AH-64 buy of 675 attack helicopters has been completed, the Army National Guard will still not have deployable anti-armor attack helicopters needed to equip ten of its attack helicopter battalions. Only additional AH-64 attack helicopter procurement, beyond the 675 programmed, can overcome that shortage. We urge that the overall procurement of AH-64 attack helicopters be continued, at a rate of 144 per year until all requirements for attack helicopters in the active Army, Army National Guard, and Army Reserve are met, and that the Congress continue to direct a portion of each year's procurement be assigned to meet ARNG requirements.

Utility Helicopters

The Army is phasing out UH-1H utility helicopters from the active force, and replacing them with modern UH-60A Black Hawk models. The ARNG, with a requirement for 1,177 utility helicopters, is scheduled to receive 20 UH-60A's in FY 1986. At that rate, it would take over 50 years to modernize the aging Army National Guard UH-1H utility helicopter fleet. We urge the Congres to direct increased procurement of UH-60A's to speed up ARNG utility helicopter modernization.

Fixed-Wing Aircraft

The Army National Guard has a requirement for 87 modern fixed-wing aircraft. Today, it has 12 C-12 and 13 U-21 modern aircraft, while the remainder of the fleet consists of obsolescent U-3s, U-8s and T-42s. Procurement of six C-12D aircraft, or their equivalent, for the Army National Guard would permit the retirement of six obsolescent aircraft from the ARNG inventory. In addition, there is a need for dedicated procurement of two larger aircraft, such as C-12J's or Twin Otters, for assignment to the ARNG in Hawaii and Puerto Rico, to meet the extensive over-water flight requirements in those locations.

Mobile Subscriber Equipment

The Army has adopted an off-the-shelf, tactical corps area communications system called RITA, as its mobile subscriber telephone system (MSE). That system will permit commanders throughout an Army corps area to communicate with each other using vehicle-mounted telephones. Much like the cellular telephones now being used by business and industry in all major American cities, MSE will provide communications capability and flexibility hitherto unknown in the battle zone. However, unlike cellular telephones, MSE will have the added capability of transmission of either voice or data in both a classified (up to "secret") and a clear mode. the Army MSE procurement program is designed to sequentially provide MSE equipment to all elements of each of the five Army corps, beginning with the Third Corps. That means that as the Third Corps active Army units receive their MSE equipment, all Army National Guard and all Army Reserve units tasked to fight with that corps will receive their MSE equipment at the same time. The Army is asking for $904 million in the FY87 Defense budget to purchase MSE communications equipment for the entire Third Corps and for some initial elements of the Fifth Corps. Should the budget request be reduced, it would not be possible to fully equip all corps elements as planned, probably to the detriment of Guard and Reserve elements of the corps. We urge full funding of the MSE program.

Miscellaneous Equipment

In FY82, the Defense Authorization Bill first included language which announced the intent of the Congress to provide funding for items of Army Guard ground combat equipment to be selected by the Chief, National Guard Bureau, based on his most pressing shortages. Each year since, Congress has provided such funds for both the Army and Air National Guard, which have been expended for communications equipment, howitzers, trucks, medical equipment, aircraft support equipment and other critical items. In FY86, $333 million was appropriated for the Army Guard and $75 million for the Air Guard for that purpose. Even after application of these additional funds, the National Guard will continue to suffer shortages in ground and air combat equipment, communications equipment and medical equipment. We urge the continued funding for miscellaneous equipment in FY87 in order that the Chief, National Guard Bureau, can most effectively apply the funds toward improved readiness of the Army and Air National Guard.

ANG Tactical Fighter/Interceptor Force

The Air National Guard contributes 78 percent of the total air defense fighter interceptor and 26 percent of the tactical fighter force. However, as of the end of FY85, four interceptor units remain equipped with the 26-year-old F-106s and seven units are equipped with F-4C's and F-4D's, now an average of over 20 years old. The tactical fighter force of the ANG is currently equipped with over 44 percent of F-4 aircraft, with an average age of over 19 years. The F-4 is an expensive weapon system to operate, and is in need of several modifications to maintain its wartime effectiveness. To robust ANG fighter units and make progress toward the required 40 tactical fighter wings, an annual procurement level of approximately 300 aircraft is essential. Only 180 F-16s and 48 F-15s will be procured in FY86 and 216 F-16s and 48 F-15s are requested in the FY87 Budget.

The NGAUS has conducted a study of suitability of the Northrop F-20A as a replacement fighter for the air defense and tactical fighter role. The results were highly encouraging. The Air Force has taken the initial step in conducting a competition between the F-16, the F-20, and other suitable aircraft for replacement of air defense aircraft. Initiation of a procurement program to provide up to 300 aircraft to fill the air defense role would enable the Air Force to robust and modernize other ANG tactical fighter units. The NGAUS also supports an increase in F-15 and F-16 procurement to speed up ANG robusting and modernization. Without additional procurement, the tactical fighter force shortages will continue into the foreseeable future.

Airlift

Modernization of the ANG C-130 tactical airlift fleet is essential because:

* There is no planned replacement of the C-130 in the tactical airlift role.

* The DoD decision to buy C-5/KC-10 strategic airlifter does not remedy the shortfall of intra theater airlift.

* The C-130A's presently assigned to the ANG lack the capability to meet the airlift requirements of the Total Force.

* The Air National Guard is currently performing 32 percent of the total Force tactical airlift requirements. The remaining 40 C-130A's, averaging nearly 28 years of age, require replacement.

* In FY78, Congress initiated an add-on program for modernization of the ANG tactical airlift units and, over the last nine years, Congress has continued to provide modern C-130H's for the Air National Guard and the Air Force Reserve.

We consider it imperative that the congressionally-initiated program for new C-130H's be continued in FY87, with 18 additional aircraft, to ensure modern Guard and Reserve forces capable of meeting Total Force airlift requirements.

The C-17 airlift aircraft is also needed to meet both the strategic and tactical role and is to be allocated to the active and Guard units concurrently. The delivery of the C-17 to the total force will reduce manpower requirements and life-cycle costs, provide needed flexibility to airlift forces and speed up modernization of the Air National Guard. We urge full authorization and funding of the Air Force FY87 Budget Request of $612 million for research and development and $217 million for advance procurement.

Mission Support Aircraft

Congress appropriated $12 million in additional funds in FY 1985 for the procurement of C-12 aircraft to begin replacing the aging C-131 mission support aircraft. FY 1986 appropriations provided for procurement of six additional C-12J's; however, competition is required. An immediate requirement exists to continue the congressional procurement initiative for an additional six C-12J aircraft in FY 1987.

Weapons Systems Upgrade

Recognizing that the ANG will of necessity be flying older, less modern aircraft into the 1990s, we believe that those older ANG aircraft should be upgraded. Upgrading of older aircraft extends the useful combat life of the aircraft and maximizes the combat potential achieved from the original investment. For example, a modified A-7, (the Strikefighter) is a cost-effective solution to the need for a close-air support/battlefield air interdiction (CAS/BAI) aircraft. It would have lower relative cost than procurement of new aircraft of equal mission capability to support the ground forces and would allow its retention in the inventory past the year 2010.

Communications Equipment

ANG combat information systems units (70 percent of Total Air Force capability) and tactical air control units (60 percent of the Total Force capability) are all tasked for rapid worldwide deployment. There is an immediate requirement to procure CE&M equipment valued at approximately $66 million. This will allow procurement of the more critical items of equipment. Remaining Table of Allowances shortages and equipment modernization requirements for ANG CE&M units are in excess of $186 million.

FEDERAL SHARE OF COST OF ARMORIES

The law requires that the cost of new armory construction be shared between the federal government and the states at a 75/25 percent ratio. The states must also provide the land, provide site preparation and bring utilities to the property line plus 100 feet. Following construction and acceptance, the states acquire ownership of the armory and are required by current directives to maintain the armory at state expense and make it available for military use for the next 25 years.

State legislatures are often hard pressed to appropriate the funds required to both construct and maintain armory facilities. During the past two years, congressional action provided some relief to the states. Changes in law authorized, first, 100 percent federal funding of armory expansion projects required as a result of changes in DoD construction criteria or standards relating to the execution of the federal military mission assigned to the unit using the facility, and second, advance federal funding for engineering and design costs on a reimbursable basis with the states.

Congress also authorized cost sharing of major maintenance projects for armories. As armories age, major repair or replacement costs for such things as leaking roofs, faulty plumbing or aging heating systems mount up rapidly. Often states defer the repair or replacement of aging major maintenance items because funds which otherwise might have been available for that purpose had to be used to cover the sharp rises in the cost of heating Guard facilities over the past few years. The provision of federal funds to share in the cost of major maintenance of National Guard armories, to include specific items such as repair or replacement of roofs, heating systems or other utility systems, should help to lessen the impact of the expanded demands on and utilization of armories.

The National Guard Association of the United States also applauds the initiation of federal funding for the provision of space, utilities and communications support of full-time federal personnel, performing a federal mission in existing armories. We strongly urge full funding of such costs beginning in FY87.

The estimated cost of providing full support to Army Guard full-time federally paid personnel and 50 percent of the cost of major armory maintenance projects in FY87 is $25 million.

SUMMARY

Mr. Chairman, I have appreciated this opportunity to present the views of the National Guard Association of the United States on actions needed to improve the combat readiness of the National Guard.

We strongly urge continuation of the new G.I. Bill as a critical recruiting and retention incentive program. We also urge support of the provisions of H.R. 1498, to improve manning in the health profession skills.

We have supported the Army and Air National Guard budget requests for additional full-time support personnel.

We support the current military retirement system, and urge lifting of the 60-point ceiling on credit for participation in inactive duty training. We also urge that any new Civil Service retirement legislation include a supplemental annuity for National Guard military technicians from the date of retirement until receipt of Social Security.

We support the legislative initiatives to improve family and employer support of National Guard members.

We strongly urge increased efforts to fully equip and modernize the Army and Air National Guard forces.

Finally, we recommend that your subcommittee consider the impact of the increasing number of full-time federally paid support personnel and the expanded federal mission requirements of the Army Guard and provide the full federal share of operation and maintenance funding required for armory operation.

Mr. Chairman, we recognize the serious problems associated with a large budget deficit. While resources devoted to national defense must be held to a minimum, we feel providing manpower, equipment and supporting resources necessary to maximize the wartime capability of our Guard and Reserve forces will provide the most cost-effective capability possible. We cannot afford to jeopardize national defense in the interest of economy, but we certainly must maximize our wartime capability with the resources that can be made available.

We are grateful for the support which you and the members of this subcommittee have provided in the past, and we look forward to your continued support of National Guard requirements in the future.

SUCCESS OF POLICY TO GUARD AND RESERVE

Senator STEVENS. As you know, we have tried very much to review the suggestions that have come from the association and do just what you suggest. That is, to use the moneys that might otherwise be freed up in the process to meet the Guard's needs and to give them first-line equipment right off the line rather than follow the policy of having the hand-me-down concept for the Guard.

What is your feeling now? Has this policy increased the Guard's effectiveness?

Mr. WEBER. There is no question about it. Morale is sky high. I have had the opportunity to do extensive travel out through the units. There is just no comparison with 5 years ago. The quality of the people is there, their commitment to the training requirements is there.

Whereas historically we dealt with the 48 drills and 15 days of annual training, every unit is doing in excess of that. In the components of individuals and teams that are working with the Active Army on overseas deployment I would use Wisconsin as a major example.

This year they sent over 6,000 Army Guard troops to Europe for Reforger, the largest contingency we have ever committed. It leads back to your earlier comment of overseas training. They were training within 20 miles of the border of the Soviet Union.

We are engaged in that. That means so much. The Air Guard, as you are well aware, is deploying continuously around the globe. Your own unit with their new 130–H's are doing a great job and morale is outstanding.

Likewise with the Army Guard, they have two of the new Blackhawks. It is good across the country, sir.

CLOTHING REQUIREMENTS FOR CIVILIAN TECHNICIANS

Senator STEVENS. One last question. We seem to have an issue developing concerning civilian technicians that want to be allowed to work in civilian clothes and not be forced to wear the uniform when they are, in fact, Guard personnel, but not on active duty.

Has the association taken a position on that?

Mr. WEBER. The association does have a resolution to that effect; yes, sir.

Senator STEVENS. They support the concept that civilians should be permitted to wear civilian clothes?

Mr. WEBER. They support the law as it was originally developed back in 1968 that brought our technicians into the Federal program for retirement purposes only. The legislative history of that law will clearly point up the fact that they are military technicians. They were placed in the units initially to meet the full-time, day-to-day requirements of the unit commander. They were State employees until January 1, 1969.

Senator STEVENS. Should they wear uniforms or not?

Mr. WEBER. Absolutely. They represent an instructor force. They were the nucleus of the unit until the Active Guard and Reserve [AGR]. They were a full-time work force. They are military at the rural Army out in each of the States.

That to that community is the Department of Defense. People go there for military questions, for veterans questions, all related to soldiers, sailors, marines, and airmen, and they expect to talk to a military person when they go there.

To be military, you have to look military, meet the standards of the Army and Air Force, and that includes the uniform.

Senator STEVENS. Thank you very much. We appreciate your statement. We will once again review it.

Mr. WEBER. Thank you, sir.

WESTERN SHIPBUILDING ASSOCIATION

STATEMENT OF WALTER A. LARSEN, CHAIRMAN OF THE BOARD, WESTERN SHIPBUILDING ASSOCIATION

REPAIRS, ALTERATIONS AND OVERHAULS

Senator STEVENS. Our next witness is Mr. Walter A. Larsen, Chairman of the Board of Western Shipbuilding Association.

Mr. LARSEN. Mr. Chairman, members of the subcommittee, my name is Walter A. Larsen. I am chairman of the board of Western Shipbuilding Association. Our association, comprising some 170 member organizations, is a coalition of industry and labor, representing shipbuilding and ship repair yards, labor organizations, suppliers, subcontractors, and other related segments of the maritime industry located on the Pacific coast and in the State of Hawaii.

We appreciate very much the opportunity to appear before this subcommittee today to express our views on the important subject of funding repairs, alterations, and overhauls of U.S. naval vessels in fiscal 1987.

Western Shipbuilding Association supports the Navy budget request for $5.4 billion to complete this essential phase of its operations and maintenance programs in fiscal 1987. This is a time when our military defense funding needs should be fully met.

Recent world events have demonstrated the need for a strong, efficient naval participation in our defense structure, be it in the Gulf of Sidra, the Philippines, Central America, or elsewhere. The ability to respond quickly to changing situations on a worldwide basis, now and in the future, will require the use of naval forces sufficient in number and operating in a top-readiness condition to assure the protection of U.S. interests.

This can only be accomplished by adequately funding the repair, alteration, and overhaul requirements set forth in the Navy's budget requests for fiscal 1987 and future years.

A highly important aspect of maintaining our naval forces at an adequate level of readiness is the need to sustain an industrial base sufficient to timely effect the required repair, alteration, and overhaul of U.S. naval vessels.

The Pacific coast segment of our industrial base has been deteriorating over several years and future projections indicate the continuing of this downward trend. It is evident that serious attention must be given to reversing this dangerous trend.

The first important step in this direction, in our opinion, will be the mandating of an equitable Navy ship repair, alteration, and overhaul workload distribution between public and private yards as an integral part of our national industrial defense base planning.

As you well know, the public-private yard competition mandated in the fiscal 1985 defense appropriations bill is currently in progress on the west coast. The private yard overhaul is in its latter stages of completion, while the public yard overhaul is yet to start. We trust that when the results are reviewed, you will be comparing apples with apples.

In the interest of economies in repair, alteration, and overhaul work, Western Shipbuilding Association recommends that the structure of disciplines required by the Navy, that have been amassed over many years, be reexamined and redundant requirements eliminated. We believe that real cost savings can be realized without jeopardizing the quality or safety of the end product.

In closing, we urge your approval of the funding requests, in their entirety, for repair, alteration, and overhaul of U.S. naval vessels in fiscal 1987.

Thank you again for the opportunity to appear here today to express our views on this highly important subject.

Senator STEVENS. Thank you very much.

We are awaiting some progress report on what we started last June. We will be interested in keeping up with it. We appreciate your coming.

Mr. LARSEN. Thank you.

Senator STEVENS. The subcommittee stands in recess.

[Recess.]

RESERVE OFFICERS ASSOCIATION

STATEMENT OF COL. DAVID M. O'REAR, RESERVE OFFICERS ASSOCIATION

PREPARED STATEMENT

Senator STEVENS. Our next witness is Mr. Lively of the Reserve Officers Association.

Colonel O'Rear. Sir, I am Col. Dave O'Rear for Jud Lively.

We have submitted testimony for the record.

ROA strongly supports the payroll strength in increases for both the Army Reserve and Naval Reserve.

Consequently, the increases in the full-time support, the Navy TARS, and the Army AGR program and technician program.

We strongly support the dedicated equipment buy for all the Reserve components and the C–130H program for the Air Force Reserve.

ROA strongly supports the new GI bill. We think it is vital for the Reserve components.

That is all I have, sir.

Senator Stevens. We have a complete statement here from your association. We appreciate that very much.

I do not have any questions.

[The statement of Colonel Lively follows:]

RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

Statement of

Colonel C. Judson Lively, Jr., USA (Ret.)

Acting Executive Director

Mr. Chairman and Members of the Subcommittee:

It is a pleasure to appear before the Committee. On behalf of the Reserve Officers Association, I wish to extend our thanks for this opportunity.

In past years, ROA has recommended Congressional action to provide better and more modern equipment for Reserve Forces as an economical way to maintain adequate armed forces in a dangerous world. That philosophy is just as valid today, and the wisdom of action along these lines is now obviously apparent.

It is well known that Reserve Forces are the most economical source of units when they are properly equipped and trained. At a time when the Defense Budget is under heavy attack, it would appear to be appropriate to increase reliance on Reserves, and that means providing them with suitable equipment.

We wish to thank the Congress for the significant gains made in modernizing the equipment of the Reserve forces during the past five years. To a large extent, this has been the result of Congressional initiatives, not Pentagon budget requests. We are concerned that in the face of severe budget constraints, the Reserve forces will be expected to accept an across the board "share" of cuts, while at the same time assuming more missions. It is our contention that the Reserve forces should receive more funds when the active force is cut, not less. Traditionally, force structure is transferred to the Reserves to preserve it for future contingencies, but in a less expensive component. The saving is made by placing it in the Reserve. However, mission transfers are not always accompanied by essential manpower required to effectively manage force growth, nor the equipment necessary to assure maintenance of combat capability, nor the funding to train the force to required readiness levels. If, having served as the vehicle for attaining a cheaper force structure, subsequent budget and manpower cuts are applied equally to the Reserve as for the active forces, combat capability and readiness must suffer. We urge the Congress to recognize the inherent savings in the Reserve force structure and to assure that essential manpower, equipment and operating funds be appropriated to preserve the required combat capability for the Total Force.

ARMY RESERVE

The "Posture of the United States Army for FY87", by The Hon. John O. Marsh Jr., Secretary of the Army and GEN John A. Wickham, Jr., Chief Staff, Army, states:

> "The Army relies more than ever before upon its Reserve Components (RC) to meet today's challenges and to counter tomorrow's threats. Our experience in many parts of the world clearly reinforces the importance of the reserves if the Army is to achieve its goal of deterring war. Focusing the Army National Guard (ARNG) and U.S. Army Reserve (USAR) on appropriate missions and providing them necessary suppport have made these forces better prepared to meet their wartime commitments today than at any previous time in peacetime history. Through their improved readiness they serve today

as fully contributing partners in the Army's mission of deterring war."

The United States Army Reserve in FY85 exceeded expectations of the troop unit end strength by more than 6,300 personnel. With an increased recruiter force at the beginning of the fiscal year, the Army Reserve should achieve a FY86 paid drill end strength of 285,178. ROA strongly supports the FY87 budget requests of a paid drill end strength of 299,229. These increases will improve readiness of the Army Reserve to the extent that additional missions could be assigned to the USAR, thus freeing Active Army personnel for other missions.

The Army Reserve's ability to meet these desired strength levels will be highly dependent upon the resources provided to the Selected Reserve Incentive Program (SRIP); therefore, ROA fully supports the enlistment and reenlistment incentives programs for the Reserve. Such programs are extremely important in light of the declining pool of non-prior service manpower.

ROA encourages Congressional support of the Army Reserve strength of the Active Guard/Reserve (AGR) program. The FY87 projected AGR end strength of 13,657 will imporve the Army Reserve mobilization readiness. These full-time personnel make it possible for drilling Reservists to have more training time available and participate in more realistic exercises. The military technicians are a vital element of the full-time personnel and an increase of about 2,000 is needed.

ROA was pleased to see the full development of the Army Reserve Personnel Center (ARPERCEN) as a Field Operating Agency of the Office of the Chief, Army Reserve. ARPERCEN is challenged to maintain, and increase, the proficiency of the over 310,000 Individual Ready Reserve (IRR). The Army IRR is the nation's largest pool of deployable, pretrained individual personnel and requires a broad range of meaningful and realistic training. These soldiers are available for mobilization to bring the total Army to its wartime strength. To ensure continued strength maintenance in the IRR, ROA recommends Congressional authorization and funding for all IRR programs.

ROA continues to support the USAR Individual Mobilization Augmentee (IMA) program. IMA's are members of the Selected Reserve assigned to units of the Active Army and other agencies. IMA personnel fill vacancies that are not authorized in peacetime but become critical upon mobilization.

The "key" to combat readiness is training. ROA supports the increased funding of the numerous training programs. The Overseas Deployment Training (ODT) program ensures realistic training. Army Reserve participation in joint exercises such as REFORGER, WINTEX, TEAM SPIRIT, BRIGHT STAR and BLAZING TRAILS should be increased. ODT is an enhancement for retention and is extremely cost effective. School training requirements for Army Reservists are increasing. Funding growth rate should be supported to imporve specialty skill qualification rates to maintain required standards of proficiency with new systems and technology. The USAR has an essential need of increased equipment for training. The Army Reserve troop program units have identified more training requirements, and the need for Additional Training Assemblies requires a strong demand for additional maintenance floats. Training devices and simulators for the Army Reserve are vital to the unique support heavy structure.

The Congressionally directed Dedicated Procurement of Equipment for the Army Reserves has made significant progress in readiness the past few years. These critical items of equipment are essential to increase the actual war fighting ability of the Army Reserve. ROA strongly supports the Dedicated Procurement program and encourages Congress to fund to the maximum of the authorization.

The United States Army Reserve is the largest of all the Reserve Components. The over 600,000 personnel in the Army Reserve are approximately 38 percent of the total Army strength. The Navy, with a Naval Reserve of less than 120,000 strength, has reinstated the Chief, Naval Reserve as Vice Admiral. ROA recommends the Chief, Army Reserve be elevated to a commensurate rank. This would clearly focus on the importance of the Army Reserve to National Security and the Army's mission of deterring war.

NAVAL RESERVE

As ROA has often stated during the last few years, the support and direction provided by Secretary Lehman and the CNO, Admiral Watkins, have led the way in significantly upgrading the Naval Reserve as a fighting force. The Navy is to be highly commended for these initiatives. Several years ago, the Navy's support for, and appreciation of, the Naval Reserve was, for all practical purposes, non-existent. While problem areas still exist, tremendous strides have been made during the past few years. ROA strongly urges continued Congressional support for the Naval Reserve initiatives contained in the FY87 budget request.

PERSONNEL

The Administration proposal to attain 127,328 Selected Reserve (Category A) end strength by the end of FY87 is strongly supported by ROA. This number represents an increase of 9,119 (seven percent) over FY86 and will put the Naval Reserve paid strength at 97.5 percent of wartime requirements. The current Navy plan calls for a Category "A" Selected Reserve strength of 136,738 by the end of FY91, an increase of over 37,000 from the plan submitted four years ago. A truly remarkable turnaround!

Accordingly, ROA strongly urges approval of the Reserve Personnel Navy (RPN) funding request of $1.528 billion which will support an FY87 Naval Selected Reserve (Category A) end strength of 127,328, (average-strength, 121,392).

Even with increased personnel strength in the Naval Reserve, the manning of high priority units, particularly the NRF ASW ships, remains a problem. A significant contributing factor to the manning problem is the rigorous training and long hours spent by the Reserve crew when the NRF ship goes to sea for the entire weekend, leaving port Friday night in many cases. In contrast, most drilling Reservists perform eight hours of drill on Saturday and eight hours on Sunday. They are free to return home, or whatever, during non-drill hours. In addition to the eight hours of training which takes place during the working day, watches must be stood around the clock when the ship is at sea. For this relatively arduous duty, the NRF Reserve crew member receives no incentive, except the "joy of going to sea." Even with mandatory assignment, Naval Reserve frigate SELRES manning, as of December 1985, was only 87.3 percent. The high turnover rate, which currently occurs on NRF ships, further exacerbates the problem.

Accordingly, the Navy has included proposed legislation to amend 37 USC, "...to authorize payment of incentive pay to enlisted personnel of the Selected Reserve who participate in certain units as designated by the Secretary of a Military department..." This proposed legislation would provide incentive pay of up to $10 per drill to those enlisted Reservists in units so designated--which would amount to $40-$50 per drill weekend. Such an additional amount seems somewhat minimal in today's economy; however, a study conducted by the National Defense University indicates that a $10 per drill incentive would significantly improve drill attendance and increase NRF ship readiness. With the steadily increasing number of modern, front line ships entering the Naval Reserve, creating even greater reliance on the NRF, full manning of these ships is a most critical need.

This incentive was approved by the House last year but fell out in the Authorization Joint Conference. ROA again strongly urges passage of this legislative proposal and also recommends that the requested FY87 funding level of $2 million be approved.

The FY87 RPN budget submission also requests an increase of full time support active duty (TAR, TEMAC, & 265 Recall) personnel from the FY86 level of 19,010 to 23,197. This increase of 4,187 represents necessary support for the rapidly growing Selected Reserve force; increased Reserve recruiting requirements; the growing ASW frigate program (mandated by Congress to be manned approximately 50 percent TAR - 50 percent SELRES); and aircraft squadron transitions to new, more sophisticated aircraft. (The FY87 growth request appears somewhat exaggerated because FY86 Congressional action approved 500 FTS fewer personnel than requested.) ROA recommends that this requested increase in full time support personnel be approved.

Along with this increase in full time support personnel, ROA also recommends approval of the requested TAR Selective Reenlistment Bonus. This bonus will be targeted at expanded ratings for NRF ships. While it will provide greater equity with USN shipmates serving on the same NRF ships, the amounts paid will still be less than that given USN personnel, since the NRF ships do not deploy. Such a bonus must be approved if the enlisted TAR community is going to attract the critical ratings necessary for Reserve ship and aircraft squadron manning.

While not debating the pros and cons of various full-time management programs -- AGR, Technician, TAR, etc.; ROA, nevertheless, recognizes the fact that the TAR program is far different from the other full-time management programs. True, enlisted TARs do not normally deploy overseas; however, they do go to sea and are subject to routine re-assignments, with accompanying PCS moves, as are their Regular Navy counterparts. In no sense of the word can TARs be considered "Homesteaders!" Accordingly, when bonuses and other incentives for full-time support (FTS) personnel are debated, the differences in TAR assignment policies, from those involving other FTS personnel, should be recognized. Enlisted TARs in high technology and mobility ratings will be readily marketable in the private sector. Accordingly, ROA is convinced that, as with their Regular Navy counterparts, bonuses and other incentives will have to be paid to retain these personnel in the quality and quantity required.

As was the case with the $10 per drill incentive pay, a TAR Selective Reenlistement program was approved by the House in FY86, but fell out during Joint Conference deliberations.

One final personnel item involves HR 1441, introduced by

Congressman Montgomery on 8 March 1985, added as a floor amendment to the FY86 Senate DOD Authorization Bill, but dropped during Joint Conference. ROA strongly supports the intent of this bill which would authorize an increase in the maximum number of Deputy Chiefs of Naval Operations (DCNO) from six to seven in order to provide for a DCNO (Naval Reserve). ROA is absolutely convinced that this change is essential to institutionalize the gains that the Naval Reserve has made over the past six years -- gains made primarily because of the personal efforts of the current Secretary of the Navy and the current CNO. Such an organizational chance would enhance the ability of the incumbent, regardless of personalities, to obtain support for the Naval Reserve within the Navy, particularly during budget development.

It should be noted that such an increase in the number of DCNOs will not increase the total authorized number of flag officers or the number of three star or above authorizations for the Navy. This "red herring" kept surfacing last year during Congressional discussions and probably led to the defeat of the proposal during the FY86 Authorization Joint Conference.

ROA would hope that such assurances, coupled with the fact that the incumbent is now a Vice Admiral, would suffice and that this necessary organizational change would be passed, or included in the DOD Authorization Bill, this year.

ROA considers this measure necessary, regardless of the final outcome of overall JCS/DOD reorganization efforts.

NRF FRIGATES/LAMPS I HELICOPTERS

The Navy plan to transfer modern, mission capable frigates to the Naval Reserve is proceeding on schedule. By 1990, eight FF-1052 Knox class and eighteen FFG-7 Perry class frigates will be in the NRF. Currently, six Knox Class and five Perry Class frigates are in the NRF, with four more Perry Class scheduled to transition to the NRF later this year.

One must remember, however, that the FFG-7s were developed as the low end of the high-low mix. They're merely platforms with questionable capability of performing any mission without retrofitted sensors and weapons. These frigates are "programmed" to receive the AN/SQR-18 Tactical Towed Array Sonar System (TACTAS) and the LAMPS I ASW helicopter.

After a somewhat shaky start in earlier years, LAMPS and TACTAS finally appear to be on track for the NRF frigates. Secretary Weinberger has stated that all NRF FF-1052s and FFG-7s would receive LAMPS/TACTAS, and, in fact, the FY87 budget submission contains funding requests for six LAMPS I helicopters and two SQR 18-AV2 "tails" for NRF ships.

This "retrofitting" is critical to ASW mission capability. Accordingly, we ask that the Congress approve the FY87 request and continue to monitor closely the LAMPS/TACTAS program for the Naval Reserve frigates to ensure full compliance with Secretary Weinberger's promise.

COMBAT SEARCH AND RESCUE; LIGHT ATTACK HELICOPTER

The only Combat Search and Rescue (CSAR) capability in the Navy rests in the Naval Reserve with aircraft which are approaching an average age of 25 years and are not survivable against today's threat. The Congress, recognizing this weakness in our warfighting capability, added $12 million in FY 1985 and $25 million in FY 1986 for a total of six HH-60 aircraft for the Naval Reserve combined Combat Search and Rescue and Light Attack Helicopter (HAL) mission. However, the funding appropriated for the first six helicopters will, essentially, buy only "off the shelf" aircraft. With the RFP recently issued, it has become obvious that additional funding will be necessary to procure the fully "marinized" aircraft necessary to accomplish the CSAR and HAL missions. The Navy estimates the required additional funding to be $23 million.

In accordance with the Congressional recognition of and support for this program during FY 1985 and FY 1986 deliberations, ROA strongly recommends that this vital modernization program be continued and that $23 million additional funding be approved for the purchase of six CSAR/HAL fully marinized helicopters.

MARITIME PATROL AIRCRAFT

Last year the CNO stated that introduction of the P-3C into the Naval Reserve Force was a high priority consideration. In conjunction with this statement, the Navy proposed a well conceived plan to accomplish this program. The Navy should be highly commended for expanding the policy of horizontal equipment integration into the Maritime Patrol community. Such action is fully supportive of Secretary Weinberger's stated policy of, "First to fight, first to be equipped."

The P-3C, Update III, is the primary airborne ASW system currently in the inventory. However, continued procurement of the P-3C ran into significant Congressional problems last year, both in the Authorization and Appropriations process. Cost escalation and "VPX" appeared to be the major contentious issues. In the FY 1986 Continuing Resolution, Congress finally funded procurement of nine P-3 aircraft (six for the Naval Reserve). Advance procurement money was also approved.

ROA is concerned about the future of the Maritime Patrol mission. Clearly, there is much Congressional concern, and possibly confusion, about continuation of the P-3C program. However, at least last year, there appeared to be a real danger that Congress might direct termination of P-3C procurement based on two very suspect conclusions:

(1) VPX is the maritime patrol aircraft of the future. Accordingly, we should not procure additional P-3Cs.

(2) The gap between now and VPX can be effectively bridged by retrofitting existing airframes, which the Navy has in sufficient quantity to meet Total Force requirements.

The Navy has now backed away from VPX. The current Navy thinking is that the P-3C, Update III, will be followed by P-3D, Update IV. While this new aircraft will be subject to competitive bidding, it will not be radically different, rendering obsolete the P-3C. Also, as was pointed out during final deliberations last year, the current inventory of airframes does not satisfy Total Force requirements -- it is 54 airframes short!

Continued production of P-3C aircraft and incorporation of planned improvements in the P-3C appear to be the most cost effective short and long term solution to meeting the Navy's maritime strategy. The existing plan should, in no case, be arbitrarily halted by the Congress until acceptable alternative plans have been fully developed and scheduled for implementation in an orderly manner. Degradation of the Maritime Patrol mission, in face of the Soviet submarine threat, cannot be accepted.

In the strongest possible terms, ROA urges that Congress support the Navy plan for introduction of P-3C aircraft into the Naval Reserve and approve the procurement of the nine P-3C, Update III, aircraft requested in the FY 1987 budget.

A-6E INTRUDER ATTACK AIRCRAFT

FY 1986 Congressional action added five A-6Es to the six requested and directed that all eleven be placed in the Naval Reserve. Congress also directed that the Navy procure eleven A-6Es in FY 1987, also for the Naval Reserve. The Navy's FY 1987 budget request reflects this guidance.

The Navy now plans to convert one light attack squadron in each Reserve Carrier Air Wing to medium attack configuration, one in FY 1989 and one in FY 1990. The aforementioned A-6E procurement direction has made this possible. Without the A-6E, the Naval Reserve has no all weather, medium attack aircraft. Neither would compatability with fleet carrier air wings be possible without introduction of A-6Es.

ROA strongly supports this initiative and recommends that the eleven A-6E aircraft requested for the Naval Reserve in FY 1987 be authorized.

ARAPAHO

Previously, most of the discussion about ARAPAHO concerned a convoy protection program which places ASW helicopters on board merchant ships, although it was also noted that the concept is adaptable to other missions, such as mine countermeasures. Nevertheless, despite continuing Congressional interest, the Navy generally chose to ignore ARAPHO for a variety of reasons.

However, ARAPAHO has finally surfaced in Navy planning -- as a mine countermeasures platform. While not included in the FY 1987 budget submission, the Navy is looking at ARAPAHO as a POM 88 issue -- estimated cost to construct two ARAPAHO facilities, one for each coast, to operate five RH-53 aircraft each in an Airborne Mine Countermeasures role, is $58 million. Congress added $4.3 million in FY 1986 to suport ARAPAHO development.

ROA continues to support the concept of ARAPAHO for a variety of missions as a relatively low cost item. We still believe that its primary role will eventually be confirmed as a lower cost ASW force multiplier; nevertheless, we welcome the current Navy initiative and urge continued Congressional support.

MARINE CORPS RESERVE

The Marine Corps Reserve is a major factor in the Total Marine Force, contributing one-fourth of the structure and one-third of the trained manpower. As has been the case for the last few years, the

Marine Corps Reserve manpower requirements appear to be well provided for in the FY87 budget request.

ROA compliments the Marine Corps on their continuing recognition of the Reserve contribution and on their consistent support of the Reserve component. The Marine Corps Reserve Budget has reflected real growth every year since FY78. This support has enabled the Marine Corps Reserve to meet and usually exceed the OSD Program Guidance. Accordingly, ROA strongly urges approval of the Reserve Personnel funding request of $314.8 million which will support an FY87 Marine Corps Reserve Selected Reserve end strength of 44,400 (average strength 42,800), an increase from the FY86 levels of 43,019 and 41,900 respectively.

ROA also strongly supports the newly established Marine Corps Reserve full time support program. Prior to 1984, such support was provided by regular active duty Marines. However, as is the case with all other Reserve Components, the Marine Corps recognized the value of utilizing a number of Reserve personnel to assist in organizing, administering, instructing and training the Reserve. The program started with 803 personnel in 1984, includes a requested increase of 307 in FY87, and is programmed to grow to over 1700 in 1989. We strongly urge Congressional support of this effort.

ROA strongly supports Marine Corps efforts to modernized the Reserve Ground Combat Forces. The "single acquisition objective" procurement program is designed to ensure that equipment upgrading occurs in Reserve units concurrent with that in their active counterparts. We urge that Congress support these efforts and expedite this modernization process to the maximum extent feasible, as has been done in recent years. Recent Congressional add-ons, combined with Marine Corps budgeting efforts, have resulted in the equipping of the Reserve ground forces with much of their total requirement for such items as the Light Armored Vehicle, high Mobility Multipurpose Wheeled, 5 Ton Vehicle fleet, and the M16A2 rifle.

Unfortunately, the Marine Air Reserve has lagged far behind the ground forces in equipment modernization. The Fourth Marine Air Wing is severely limited in its capability to augment and reinforce the active forces due to aging aircraft, aircraft shortages, incompatibility between Active and Reserve aircraft, and block obsolescence. Current planning for aircraft modernization in the Reserve still depends, for the most part, on aircraft released from the active force. Such a program will not satisfy long term requirements.

Unfortunately, the Marine Corps has not initiated a horizontal integration of equipment policy in their Air Reserve program as has the Navy. Since the same rationale applies, and since the Marine Corps is a part of the Navy Department, ROA does not understand the reason for this policy. The Marine Air Reserve should commence as soon as possible to replace aging and incompatible F-4s. While the Marine Corps Reserve has a stated goal of having an all F/A-18 fighter attack force, the transition to F/A-18s is not scheduled to begin until 1991. In our opinion, that is far too late, particularly given the facts that:
(1) Naval Air Reserve Units are already transitioning to F/A-18s; and
(2) Our carriers can no longer support F-4s upon mobilization.

ROA urges Congress to direct implementation of horizontal equipment integration in the Fourth Marine Air Wing similar to that already underway in the Naval Air Reserve.

Congress has previously directed establishment of two Marine Air

Reserve KC-130 aerial refueler/transport squadrons and further directed expedited procurement for this purpose. A total of twelve KC-130T aircraft have been funded for the Fourth Marine Air Wing as Congressional add-ons in FY 1982, FY 1983, FY 1984, FY 1985, and FY 1986. Eight new aircraft have been delivered to date and are based at NAS Glenview, Illinois. However, eight KC-130s remain to be procured to meet the Congressional mandate. ROA recommends additional funding be added again this year to procure two additional KC-130 aircraft for the Marine Air Reserve.

A companion problem is emerging concerning the basing of the second KC-130 squadron at Stewart International Airport, New York. Standup is moving ahead in the areas of programmed personnel, aircrew training, and flight-hour funding. However, the absence of sufficient MILCON funding may require postponement of squadron establishment at Stewart for some time. Planned standup, in the fourth quarter FY 1987 time frame, will occur only if Congress directs additional support.

The Marine Corps has developed long range plans to upgrade the capabilities of the Marine Reserve Air Wing. The intent of these plans obviously is laudable. However, as noted earlier, they are far in the future and depend on too many variables. ROA strongly urges that Congress immediately direct authorization and funding for this long overdue modernization program as the most critical need for the Marine Corps Reserve.

COAST GUARD

The Coast Guard's capability to carry out wartime taskings is a matter of well known serious concern. These shortcomings have been set forth time and again in magazine and newspaper articles, in GAO reports, and in Congressional oversight reports. None of these independent evaluations appear to make any significant impact on the Administration.

I would like to mention briefly ROA's concern about the Coast Guard. While the Coast Guard is not specifically a responsibility of the Defense Appropriations Subcommittee, it nevertheless plays a significant role as one of our five Armed Forces. Certainly, this subcommittee has shown its concern about the military readiness of the Coast Guard by providing add-on funding on several occasions for equipment procurement. Last year, you provided $375 million in such funding with the recommendation that a new account, Coastal Defense Augmentation, be established within the Navy Appropriation for procurement, retrofittiing, etc., of certain Coast Guard equipment. ROA strongly supports and sincerely appreciates the continuing efforts of this committee in support of the Coast Guard. We have been similarly frustrated that prior year add-ons have not resulted in the desired increased in Coast Guard equipment inventory. Accordingly, ROA strongly supports your efforts to ensure that the FY 1986 add-on is not similarly misused.

The FY 1986 Continuing Appropriation action that placed funds passed through the DOD to the Coast Guard under Budget Function 050 (Defense). Chairman Walter Jones (D-NC), House Merchant Marine & Fisheries Committee, in a recent National Security Report, proposed that the Coast Guard budget come also under the scrutiny of the Armed Services Committees and Defense Appropriations Subcommittees. ROA supports this proposal and recommends consideration be given to breakng out the entire Coast Guard budget into two functions, Defense Function 050 and Transportation Function 400. Such action might provide a military identity which many consider lacking. Initially, this might create some confusion since the Coast Guard budget would have to be approved by two Appropriations Subcommittees, Defense and Transportation.

Clearly, Reserve funding could be considered a Function 050 activity; some A, C & I and OE funding was so treated in FY 1986. Function 050 funding would also escape the anomaly of labeling all Coast Guard Appropriations as "non-defense discretionary funding" as did the Senate and the Congress during consideration of the reduction initially proposed by the FY 1986 Continuing Resolution.

In budget terms, does the Coast Guard really belong in Function 400, the Transportation "mixed bag?" In this budget function, the Coast Guard must compete with AMTRAK, CONRAIL, Urban Mass Transit and other transportation activities. The Administration wants to cut many of these activities drastically; however, in many cases Congress disagrees and insists on restoring these proposed cuts. Restoral funds must come from somewhere, and in Function 400 the Coast Guard is one of two large "dollar-for-dollar" accounts. Function 400 becomes even less desirable if trust funds (highways, airports, mass transit) are placed off budget. Such action would make the Coast Guard even more vulnerable when across-the-board cuts are made. Competition for funding among various agencies is desirable, but not when the competing agencies are so disparate in nature, and when some agencies (not the Coast Guard) have access to operations trust funds which act as a considerable buffer to service reductions.

We are pleased that the Administration has recommended a 500 person increase in the Coast Guard Selected Reserve - from 12,500 to 13,000. However, this minimal increase hardly responds to an established mobilization requirement of 27,400. A Selected Reserve which constitutes only 47 percent of mobilization requirements is a long way from matching the Department of Defense program to man all of its Reserve forces at 100 percent of mobilization requirements by 1988.

ROA strongly recommends that the Coast Guard be directed to move rapidly towards matching the DOD goal of 100% SELRES manning. During the last six years, DOD Reserve Components have increased in personnel strength by more than thirty percent. During the same period, Coast Guard Reserve growth has been less than six percent! This is another example of neglect by the Administration and by many in Congress. The Coast Guard is our Fifth Armed Force -- it deserves to be treated as such!

As a further example of budgetary non-support, the Administration did not include one penny in their request to support the 500 person increase. ROA estimates that an additional $2 million is necessary to support this requested, and very essential, increase.

ROA is particularly concerned by the Administration's FY 1987 A, C & I (Procurement) request of only $77.1 million. This obviously reflects a proposed reduction in procurement budget authority (which has totalled approximately $300 million per year in recent years) to offset the add-on funding initiated by this subcommittee which was included in the FY 1986 Defense Appropriation. However, Congressional language clearly indicates that the FY 1986 add-on was to be used to procure additional equipment, i.e., an increase in the capital plant inventory.

This obvious attempt by the Administration to flout the intent of Congress is totally consistent with actions taken every time the Congress appropriates add-on Coast Guard procurement funding, through the Defense Appropriation, for additional equipment. In the last five years, Congress reflecting the initiatives of this subcommittee, has added $975 million to be used for equipment procurement over and above that planned in the programmed budget. To the best of our knowledge, little, if any, additional equipment has been procured and the funding has consistently been used for purposes other than that intended by Congress. The Administration appears bound and determined that the capital plant inventory of the Coast Guard shall not be increased. ROA submits that it is time that Congress ensure that the add-on funding, which Congress has provided, be used for additional equipment as intended, and that the normally programmed procurement appropriation be funded in full. ROA would ask that the members of this subcommittee again add their support in this area of vital importance to our fifth Armed Force.

ROA wishes to hoist a warning against current pressures to privatize a wide range of Coast Guard activities. The concepts are not new, they just carry different labels - and have been policy to varying degrees over the years. Not too many years ago there were moves to "civilianize" the service; then came pressures to contract out services through the so-called "A-76 process;" and now privatization.

There are many powerful arguments which support the conclusion that the multi-mission Coast Guard meaningfully and most cost-effectively promotes the general welfare of the nation, while significantly contributing to national security. The Coast Guard roles have been consolidated, reduced, expanded, surveyed and heavily scrutinized by both external and internal reviews over the years, and always have been determined to be in the public interest.

ROA is greatly concerned with the adverse impact of any Coast Guard privatization on port security, coastal/maritime defense capability, Reserve training, salvage capability, vessel routing and the current military forward defense strategies. The Coast Guard and its Reserve provide this country with a ready, highly-specialized, professional military force in position to support or link-up with the other Armed Forces if this nation must be defended -- ready on a 24 hour basis to go anywhere, in a moment's notice. The loss of any significant portion of its missions must perforce result in a loss of platforms and personnel necessary for mobilization as well as loss of peacetime training platforms. Such action would clearly adversely impact our national security.

Even the staunchest proponents of privatization, such as The Coalition of Americans for Privatization, agree that national defense cannot be privatized and must be accomplished by the public sector. ROA contends that most of the Coast Guard's peacetime functions translate directly into wartime functions critical to national defense.

During the past few years, despite all efforts to the contrary, the Coast Guard has not fared well under the sole sponsorship of their designated Authorization and Appropriations Subcommittees. Only through the intervention of a subcommittee outside the normal "loop" -- the Senate Defense Appropriations Subcommittee -- has additional critical funding been provided in recent years. ROA asks that you continue to scrutinize the Coast Guard's military readiness and ability to carry out wartime missions and initiate corrective action where necessary.

AIR FORCE RESERVE

This year the Air Force Reserve (AFR) established an enviable standard by which to judge the quality of the Reserve portion of our Total Force. This standard was set when the AFR won all three Air Force worldwide competitions that it entered. AFR units were the overall winners in the international tactical airlift competition, the worldwide tactical fighter gunnery competition, and the Strategic Air Command's tanker competition. Additionally, AFR crews and units won numerous titles in subcompetitions such as weapons loading, maintenance, and individual gunnery events.

The Air Force Reserve has competed with the top units of the Air Force and won; it can truly be said to be a combat force second to none. As a former commander of the Tactical Air Command, General W.L. Creech, USAF(Ret.) said at the Gunsmoke awards ceremony they are ". . . the best of the best in the world, . . ."

One of the reasons for the remarkable success of the Air Force Reserve, is the modern equipment received in recent years that allows its units to compete on an equal basis with the active force. We thank the Congress for providing the funds for F-16 aircraft for the Reserve Gunsmoke winners, and C-130H aircraft for the Volant Rodeo victors. The true value of modern equipment is, of course, reflected in increased combat capability for all AFR units that are updated. We will see similar improvements in the capability of the Reserve F-4 aircraft as equipment improvements funded by Congress in the previous two years are installed.

It is imperative that modernization of the Air Force Reserve aircraft continue. We urge the Congress to provide eight C-130H aircraft to replace thrity year old "A" models this year. In the face of severe budget constraints, it makes economic, as well as operational sense, to assure a viable, combat capable Reserve force. As more reliance is placed upon the Air Force Reserve to provide a cost efficient alternative in the Defense budget, we must assure that its units are equipped and trained to fulfill the wartime mission when called upon. In the case of the tactical airlift mission, nearly two-thirds of the total force comes from the Air Reserve Forces (Air Force Reserve and Air National Guard). Clearly it would be disasterous to allow the Air Reserve Force C-130 units to become obsolescent .

A second factor in the high level of readiness and combat capability in the Air Force Reserve is the Military Technician program. We are convinced that for the Air Force Reserve and its particular situation, the Military Technician is the key to success. These dual status individuals provide day-to-day management and continuity to their units while performing as full-time AFR employees. As military members of their units, they train other Reservists during active duty and inactive duty training periods. The high skill level and stability of these employees is critical in sustaining the AFR's outstanding operational readiness.

To aid in maintaining the vigor of the Military Technician program, the Administration will shortly recommend changes to Title 5 USC to permit separation of certain "status quo" technicians as soon as they become eligible for an immediate retirement annuity. This is a counterpart amendment to Title 10 USC which was signed into law last year.

[illegible] ingredient of the AFR's success is the high level of annual and inactive duty training participation. Whether as a unit member or [illegible] Mobilization Augmentee (IMA), the dedicated Air Force Reservist makes many sacrifices to serve our country. The family and employer also make many sacrifices to support the Reservist when he receives short-notice orders, extended duty and countless other hardships and inconveniences. We thank the Congress for the many initiatives accomplished in previous years to provide the necessary support to the individual Reservist and to the morale

Again we urge that we not be pennywise and pound foolish in the face of this year's fiscal constraints. Modern equipment, meaningful missions, and realistic training are the foundation of the AFR's combat readiness. The Operations and Maintenance Appropriation provides the day-to-day operating money to carry out the Reserve mission. Across-the-board cuts in these accounts, without regard to mission tradeoffs made to the AFR, will not serve the Total Force nor our common defense well. The continued expansion of the AFR in combat and mission support, as well as flying units, makes it imperative that the AFR not be apportioned a simplistic "share" of any cuts in Operations and Maintenance funds. The AFR, for example, provides 64 percent of the Air Force Aeromedical Evacuation Units, Aircraft Battle Damage Repair capability and Aerial Port Squadrons. The majority of the programmed manpower growth in the AFR is in these units. The requested growth in manpower, and operating funds is a direct result of continued AFR personnel and mission unit growth in fiscal years 1987 and 1988.

In summary, with your continued understanding and support, the Air Force Reserve will continue to provide a superb, cost effective, combat ready, fighting force. Exercises and real world contingencies have proved that all AFR units can mobilize in 24 hours and deploy within 72 hours. The AFR is ready, better and stronger than ever before; we ask that you provide the resources to keep it that way.

GENERAL PERSONNEL ISSUES

RESERVE OFFICER PERSONNEL MANAGEMENT ACT

The long-waited Reserve Officer Personnel Management Act (ROPMA) was forwarded to the Congress as an administration legislative proposal on 11 December 1985. It has since been entered as H.R. 4167. In general, ROA supports this proposal and urges the Congress to pass it during this session. Too many Reserve personnel items have had to be addressed on a piece meal and recurring basis because of the absence of this comprehensive legislation.

We do request, however, that three subsections dealing with constructive credit for experience when appointing officers in the Reserve be restored. These subsections were in the original draft bill, but were deleted prior to submission to Congress*. They recognize valid needs of the Reserve components and would be extremely beneficial in assuring that critical specialties are filled.

RESERVE MEDICAL COVERAGE

ROA appreciates the giant strides that the Congress has taken over the past three years to equalize the benefits for Reservists and their survivors in the event a Reservist becomes ill, is injured, or killed while traveling to or from training or while participating in weekend drills or on tours of less then 30 days. The increased reliance that is being placed upon the Reserve Components, to include their insertion in hostile environments, has made it essential that this element of the force be provided equal medical, disability and survivor benefits.

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*Draft bill subsection 596(b)(1.)(C), 596(b)(1.)(G), 596(b)(1.)(e).

There are a few remaining areas that need to be addressed, such as the possibility that a Reservist, who is injured in his military job, can have his incapacitation pay terminated prior to being physically fit to return to his civilian occupation. This occurs when the Reservist is declared physically fit to perform his military duties but his civilian employer determines that the injury has not healed to a sufficient degree to permit him to return to his civilian occupation.

HEALTH CARE PERSONNEL

DoD continues to place increased reliance upon the Reserve Components to provide health care in a war time situation. In fact, it is estimated that more than 50% of all the personnel required to provide war time medical care will come from the Reserve Components. In spite of this, legislation has not been submitted to provide special pay for Reserve Component health care professionals. When the 96th Congress enacted legislation to provide special pay for Active duty health care professionals, the Reserve Components were not included. ROA believes that a special pay incentive program would have the same beneficial effect on recruiting and retention for the Reserve Components that PL 96-284 had for the Active duty force. Legislation to address the shortages that currently exist in the Reserve component health care professional area should be delayed no longer if increased reliance is going to be placed upon the Reserve Components to make up the short fall in war time medical care.

GI BILL

All reports that ROA has received indicate that the GI Bill, which was passed two years ago, has been a great success. We were therefore quite concerned to note that continued funding for this program was not included in the administration's budget request this year. We hope that the Congress will take the necessary action to insure that the new GI

Bill program continues on track in FY87 and beyond. As with any new program, there is room for some modification, and we would like to see the legislation amended to permit participation in the program by Selected Reserve members who have earned a bachelors degree. In addition, the contribution schedule should be changed to permit a smaller monthly deduction over a longer period of time, and inclusion of a provision permitting refunds in appropriate cases.

COMMISSARY PRIVILEGES

In the FY84 DoD Authorization Bill the Congress directed the Department of Defense to conduct a test program in which a limited number of Selective Reservists were allowed, at their convenience, up to 14 commissary visits a year. The test was very favorably received by the Reserve community. Unfortunately, the test was allowed to end and this positive recruiting and retention factor was not made available across the board to all drilling Reservists. We encourage the Committee to reexamine the concept of permitting members of the Selective Reserve the opportunity to exercise their commissary privileges in the same manner that they currently use their post exchange privileges.

In addition, ROA believes that exchange and commissary privileges should not be lost to those who are transfered to the Retired Reserve after completing 20 or more of qualifying service. Reserves in this category are in a limbo status until they reach age 60 and become entitled to pay and the other benefits associated with military retirement. It would be a low-cost benefit to extend post exchange and commissary privileges to these pre-aged 60 Reserve retirees and, in addition, would serve as a valuable retention tool for the Reserve components.

MILITARY RETIREMENT

The FY87 Budget submitted by the administration eliminates the Cost of Living Adjustment (COLA) scheduled for 1 December 1986. In addition, the administration has proposed making future Civil Service retiree COLA's two percentage points below inflation, instead of being fully indexed. If enacted into law, this provision would apply to military retirees unless specific delinkage language is included in the legislation. ROA hopes the Congress will reject both the FY87 COLA freeze and the concept of a COLA minus 2% in the future. The erosion of the purchasing power of military retired pay must stop if faith in the system is going to be retained by those currently serving. If the value of the military retirement system, as part of the overall compensation package, is permitted to continue to erode, we are concerned over the impact this will have on the ability of the services to retain the quality and quantity of mid-career personnel needed to insure the combat readiness of our forces.

From the individual service members point of view, retirement is part of the economic security package that the service member counts upon during his years of service with its attendent personnel and financial hardships. For the US Armed Forces, the retirement system is a vital manpower management tool which permits the retention of a young force with the experience and skills necessary to meet our world wide national security obligations. The military retirement system has proved to be effective in being a force management tool and in providing a form of economic security for those who are willing to endure, for a minimum of 20 years, the hardships, the separations, the loss of many personal civil liberties, and the possibility of facing armed conflict. We urge this Committee to carefully evaluate the long term impact that changes to the military retirement system can have. The cost of misjudgement in this area can have severe national security ramifications.

RESERVE COMPONENTS SURVIVOR BENEFIT PLAN

ROA is concerned over the impact the new two-tier Survivor Benefit Plan will have on Reserve Component participation. Under the old system a Reservist who paid maximum Social Security taxes each year in his civilian employment, and thus had no military pay contribution to FICA, was providing an unreduced annuity for his survivors. Under the new system the survivor of a Reservist who had no Social Security credits based upon military service will still suffer an annuity reduction from 55% to 35% at age 62. We believe that this arbitrary formula unjustly impacts on this group of survivors and recommend that the Committee reexamine the Survivor Benefit Plan changes made last year.

We would also like to point out that if a military SBP recipient remarries prior to age 60, the annuity ceases. Until recently the same was true for Civil Service. However, a change in the law permits a Civil Service survivor to continue to receive benefits if remarriage occurs as early as age 55. We believe that the same younger age should apply for both Survivor Benefit Plans.

Thank you for the oppurtunity to appear before this Committee. Your support for the men and women in uniform, Active and Reserve, is noteworthy and sincerely appreciated.

I will be happy to answer any questions that you might have on these issues.

ASSOCIATION OF CIVILIAN TECHNICIANS

STATEMENT OF JOHN T. HUNTER, NATIONAL PRESIDENT, ASSOCIATION OF CIVILIAN TECHNICIANS

AGR PROGRAMS

Senator STEVENS. Our next witness is Mr. John Hunter, national president, Association of Civilian Technicians [ACT].

Mr. HUNTER. Good morning, Mr. Chairman. I appreciate the opportunity to appear here before the committee this morning.

Hopefully, our prepared statement will be entered for the record.

I am accompanied this morning by Mr. John Chapman, executive assistant of ACT.

I will restrict my comments today to the Active Guard and Reserve [AGR] program.

Initially, the AGR program was supposed to be a less costly alternative to increasing the civilian technician program. It has proven to be the opposite, the average pay and benefits, including retirement accruals, for an AGR member is estimated at $42,000, based on DOD figures and substantiated by the Congressional Budget Office in its study on the Reserves, dated November 1985.

The Congress authorized 43,792 AGR personnel for fiscal year 1986 for the Guard and Reserves at a cost of over $1,839 million. If civilian technicans had been hired instead of AGR's, it would have saved the taxpayer at least $500 million in costs per year.

In addition to high salary costs, the AGR's tax-free income [BAS, BAQ, VHA] adds to the cost to Government. Retirement, medical care, commissary, PX, et cetera, further add to the costs.

The DOD says the high cost of the AGR program is acceptable because AGR personnel work directly with the units to improve readiness and that they deploy with their units. This reasoning also applies to technicians who, by law, must hold compatible military assignments in the National Guard and must deploy with their assigned units.

NG TECHNICIAN PROGRAM

The statutory concept of the National Guard Technician Program is that the technicians will serve concurrently in three different ways: (*a*) Perform full-time civilian work in their units; (*b*) perform military training and duty in their units; and (*c*) be available to enter active Federal service at any time their units are called.

That particular statement was taken from Senate Report No. 1446, dated 1968.

Available man-hours in the AGR Program are much less than those available in the Technician Program. AGR personnel immediately receive 30 days of paid leave; the technician earns 13 days per year and 26 days after 15 years of service.

AGR's receive 72-hour passes and are authorized 5 hours per week for physical training. They receive compensatory time off for attending weekend training assemblies with their National Guard units. This is referred to as quality of life by the Defense Department. AGR personnel are assigned to the same work schedules as technicians, but they provide less available work hours and, therefore, are less productive than technicians.

For many years the National Guard Bureau has intended to move all technicians out of their unit support assignments and into maintenance support activities. This is verified in the survey and investigative report, House Appropriations Committee, June 1983. Obviously, there cannot possibly be sufficient maintenance positions available to handle the thousands of technicians employed at the unit level. This proposal will result in a substantial decrease in technician manning and would violate the technician floor strength established by Congress.

I strongly recommend that this committee should establish report language that provides for technician floor levels at troop program and squadron units and prevents the conversion of technician positions to AGR status.

A listing of the AGR's assigned to the Army National Guard in one State indicates that, of the 600-plus AGR's, approximately one-third, or 192, are assigned to one unit—STARC. Each State has a State area command [STARC] unit—that has no deployment assignment.

Assigned to this particular STARC unit are 1 colonel, 2 lieutenant colonels, 4 majors, 6 captains, 2 lieutenants, 4 warrant officers, 2 E–9's, 13 E–8's, 87 E–7's, 36 E–6's, 28 E–5's, 4 E–4's and 1 private.

The annual cost in AGR pay and benefits for this unit is over $7.5 million.

AGR's assigned to STARC, including recruiters—126 in this State—are employed in various locations throughout the State, are not assigned to deployable units, and are not deployable assets. The colonel in this STARC unit is the support personnel management officer who converted in place from technician status.

This is in complete conflict with the stated purpose and concept of the AGR Program and the intent of Congress.

EASTERN ARMY NATIONAL GUARD AVIATION TRAINING SITE

In another State there is an all-AGR unit known as Eastern Army National Guard aviation training site [EAATS]. The 80-plus AGR personnel assigned to this training site are also not deployable assets.

It should also be noted that, although this unit has a maintenance section to support its helicopters, technicians have provided 1,800 manhours of maintenance support since January 1985.

The Defense Department would probably submit to you that they have not converted any technician positions to AGR status since 1983. That type of submission would be completely false. Conversions are being accomplished regularly through lateral transfers, resignations and reappointments to the same positions, and by dual advertising of vacant technician positions.

The AGR Program was initiated in order to save money and enhance the deployability of our units, and obviously has done neither. AGR's are far more costly than technicians. Technicians hold military assignments and are deployable assets.

The Technician Program is a stable and efficient program that has proven itself throughout the years. The AGR Program is continually mismanaged and is being used for personal gain by many individuals. An example is the STARC colonel who converted in place. He is sitting at the same desk, in the same office, doing the same work, and living in the same house. But instead of receiving his former GS–13 technician pay, he now receives the pay and benefits of a full colonel. This example is repeated throughout the AGR Program, especially in the higher military grades.

In closing, I respectfully propose the following plan for your consideration.

One, freeze all proposed AGR growth for fiscal year 1987 due to all the expenses related to the program and because of the high number of AGR personnel that do not deploy—STARC AGR's. Presently approximately 13,000 AGR's would not deploy due to the assignments.

Two, all staffing guide positions in the Army National Guard and support personnel manning document positions in the Air National Guard would become technician positions controlled by the Office of Personnel Management [OPM] job grading standards.

Three, slowly phase out the AGR/FTM program through attrition. All AGR personnel who desire to remain in the full-time support program should have the option of applying for deployable technician positions.

Four, establish strong report language that provides for technician floor strength levels at troop program and squadron units and prevents the conversion of technician positions to AGR status.

QUESTIONS ON MORALE

I would like to take this opportunity to thank you and members of this committee for your continued support given to the National Guard and Reserves. I am prepared to answer any questions you may have, but before I open myself up to some questions, I should like to address the question of morale, if I could.

I think the statement was made by General Weber that morale is very high in the program. I think that is a fact, Mr. Chairman, if you look and talk to the AGR personnel assigned in the AGR Program.

I think if you talk to the technicians that are out there in the Army and Air National Guard, you will find that the morale is extremely low. In fact, most of the calls I receive are coming in from Air and Army technicians who have spent many years in the program and are looking forward to the Roth-Stevens bill on early retirement in the Federal sector. They cannot wait to get out because they are so disgusted.

I would like to open myself up for any questions you might have at this time.

[The statement of Mr. Hunter follows:]

ASSOCIATION OF CIVILIAN TECHNICIANS *

JOHN T. HUNTER
National President

Mr. Chairman and Members of the Committee:

Our organization appreciates the opportunity to present our views before the Subcommittee on Defense Appropriations on matters concerning the most appropriate and economical full-time support personnel for the National Guard and Reserves.

Historically, since 1948, all administrative, supply and maintenance support for the National Guard was provided by civilian technicians. In 1976 the Defense Manpower Commission recommended that the civilian employees be replaced by Guardsmen and Reservists serving on active duty - Active Guard and Reserves (AGRs). The Commission's reasoning for this proposal was that the AGRs would be more cost effective than civilian employees and a substantial savings could be realized.

Is The AGR Program More Cost Effective? - NO!

Subsequent investigations and reports indicated that the AGR program was far more costly than the technician program; that it did not produce any increased efficiency; and that it had a devastating effect on the technician program. The reports are the Management Consulting & Research, Inc. (MCR) Report of November 1980, the Report by the Surveys and Investigations Staff of the House Appropriations Committee (S & I) of June 1983, the General Accounting Office (GAO) Report of June 1985, and the Congressional Budget Office Report of November 1985.

A factor that has caused much turbulence and reduced morale in the civilian technician program is the great disparity in pay and benefits between the two programs. The AGR working side by side with the civilian technician, and doing the same job, is receiving more pay and benefits. The AGR receives all the benefits of military personnel serving in the active forces, including a 20 year retirement, but is not subjected to any of the demands placed upon his active duty counterpart. Is it any wonder that the Army and Air technician becomes demoralized when he is forced to work with AGR personnel who take home more money, receive more leave, and retire at an earlier age with less service? Experienced civilian employees are now leaving the National Guard technician service at a rapid rate. In support of this statement I have attached copies of two TWX's that directly refer to this subject. (Attachments No. 1 and No. 2).

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*(NOTE: Attachments 1-13 referred to in this statement are retained in the subcommittee files.)

The National Guard Bureau wants to eliminate the "mix" of technicians and AGR personnel at the unit level in the Army National Guard. The GAO, in its' June 1985 Report agrees ---

> "In our opinion, mixing technicians and AGR personnel in deployable troop units is not organizationally sound and detracts from effectiveness. Of the two alternatives, either all-technician or all-AGR, we believe that the all-AGR force in deployable units is the preferred choice for the following reasons:
> --It offers a solution to the problem of technicians unable to deploy with their units, whereas the all-technician choice would only prolong the situation.
> --Military pay and benefits, which are higher than comparable civilian pay scales, are a positive factor in the recruitment and retention of qualified personnel.
> --It eliminates management problems associated with a mixed force in troop units.

The intent of the National Guard Bureau, and the support of the GAO, brings forth the following questions:

1. General Conaway, Chief of the Air National Guard, wants a "mix" of 75% technician and 25% AGR personnel. Why does the "mix" work in the Air National Guard but not in the Army National Guard?

2. All technicians, by law, must be members of their units and must deploy with their units. Why would the National Guard Bureau and the GAO want to remove them from deployable units?

3. If there are management problems with two different work forces, and the AGR program is so much more costly, why would the GAO recommend the most expensive alternative?

The Association of Civilian Technicians believes that this plan is just another example of the mismanagement of the AGR program.

Is The AGR Program Mismanaged? -- YES!

As I previously stated, the initial intent was to replace all technicians with AGR personnel. However, language was inserted in Appropriations legislation that established a technician floor strength and prevented further erosion of civilian employment. Initially, over 6000 technician positions had been converted to AGR status. The AGR program continued to grow at a rapid rate, reaching over 43,000 in FY-86, while the technician program had very little growth. In fact, in many states vacated technician positions are being advertised as "temporary-indefinite" positions. The obvious intent is to convert these positions to AGR status. This has caused considerable uncertainty about the future of the technician program.

The technician program is notorious for providing very little opportunity for advancement. Many technicians leave the program at the same grade they entered. The advent of the AGR program has further restricted even this limited opportunity. AGR personnel are reassigned into these advancement positions without competition or qualification. To illustrate, let me cite a particular example. In New York State a technician retired from a GS-8 supervisory position. The vacancy was announced for competition and four technicians submitted applications. Three were certified fully qualified but management decided to withdraw the announcement. A few months later an AGR, who was militarily overgraded for the position he occupied, was reassigned to the vacant supervisory position. He didn't compete for the job nor was he qualified for it; and qualified technicians, with ten to fifteen years service, were denied advancement.

The question of qualification is another detriment to morale in the technician program. Technicians must be fully qualified to gain employment and to pursue the limited avenues of promotion. AGRs come on the scene at full pay with only a requirement that they can become qualified. One state, Arizona, even had the audacity to state in a technician bulletin that if an individual applying for a particular position was qualified he should be employed in technician status; if not qualified, he could be brought on board as an AGR. ~~(A~~ttachment No. 3).

Next we have the inevitable downgrading of a high percentage of the technician positions in the Army National Guard. Ever since the advent of the technician program in 1948 every Army National Guard unit was supported full time by an

Administrative Supply Technician - now entitled a Unit Administrator. This technician position has often been praised as the "cornerstone" of the National Guard. Each Guard unit had one, but never more than two, Unit Administrator depending upon the size of the unit. These technicians are graded at the GS-7 level based upon the multiple requirements of their job descriptions. In those cases where a second technician is employed it is at the GS-5 level. Now the National Guard Bureau is assigning a minimum of four AGRs at the unit level. Each of these AGRs is performing a portion of the duties previously performed by the Unit Administrator. It is only a matter of time before a desk audit will reveal that the Unit Administrator is no longer performing all of the duties of the job description and a downgrading will be the result.

Another example of mismanagement that must be addressed is "Reemployment Rights". To make an AGR tour more tempting to technician personnel the National Guard Bureau is granting them reemployment rights as if they had been ordered to active duty. The Bureau policy states that duty performed under 32 U.S.C. 502(f) is considered as active duty in the armed forces of the United States as defined in 38 U.S.C. 101(21)(A). The Association of Civilian Technicians submits that an "active duty in the armed forces" circumstance can only occur when an individual is ordered to that duty and pay status under Title 10, U.S.C.

It is also our organization's contention that the mechanics of conversion and assignment to the AGR program is a circumstance not envisioned by members of Congress during consideration of the language contained in 38 U.S.C. 2021. The statutes and OPM regulations cited by the National Guard Bureau were promulgated long before the establishment of the current AGR program.

Further, the Association of Civilian Technicians maintains that 38 U.S.C. 2021 was provided for employees with the singular intent in mind to ensure the security of employees' property rights accruing to them in their respective place of employment, be it federal, state or local governments or private sector positions; and that restoration or reemployment rights would be accorded affected individuals when (a) ordered involuntarily to "active duty in the armed forces" under legitimate circumstances of immediate national need beyond the control of the individual or employer involved and comporting in all aspects with appropriate provisions of law and/or Executive Order and (b) voluntarily being ordered to active duty for a temporary period of time necessary for individual training and/or emergency assistance to federal or state governments in carrying out an immediate unit mission.

In the AGR circumstance, individuals are participating voluntarily in the AGR program and are not placed involuntarily on duty orders, which in this case cite 32 U.S.C. 502(f). Therefore, it must be concluded that the participants cannot be viewed as falling into any other category but that found in FPM Chapter 353, Subchapter 2, Paragraph 2-3(a), which reads:

> "2-3 Employee Enlisted - (a) An employee who, after entering the employment to which he claims restoration, enlists (other than in a reserve component) is entitled to restoration when he:
> (1) serves no more than five years, provided that service in excess of four years is at the request and convenience of the federal government (plus additional service imposed pursuant to law);
> (2) is released from service under honorable conditions; and,
> (3) applies for restoration within 90 days of release from service or discharge from hospitalization continuing for no more than one year after release." (Emphasis added).

If, as clearly indicated above, an employee cannot be restored if he enlists for service in a reserve component, it would follow then, that he/she cannot meet the definition of appropriate "military duty" as the NGB contends.

Further, let us study the NGB's contention that AGR duty under 32 U.S.C. 502(f) is alleged to be active duty in the armed forces. The definition as found in 38 U.S.C. 101 (21)(A) is as follows:

> "(21) The term 'active duty' means - (A) Full-time duty in the armed forces, other than for training." (Emphasis added).

The above language imparts to this organization that active duty for training does not constitute full-time duty in the armed forces. So therefore, it is important to take note of the definition of "active duty for training" as found further on in 38 U.S.C. 101(22)(c) which reads as follows:

> "(22) The term "active duty for training" means - (c) in the case of members of the National Guard of any state, full-time duty under section 316, 502, 503, 504 or 505 of Title 32 or the prior corresponding provisions of law;" (Emphasis added).

Thus we contend that AGR duty performed under 32 U.S.C. 502(f) is full-time duty with the National Guard in the above defined circumstance and is merely nothing more than active duty for training and therefore does not meet the definition or standard for "military duty" as is alleged by the National Guard Bureau.

Consequently, the Guard Bureau is in error in advising employees prior to converting to the AGR program, that they will be eligible for restoration or reemployment to civilian technician positions within the various states upon termination of service under 32 U.S.C. 502(f).

It is patently unfair to unit members to offer AGR personnel restoration rights under these circumstances as it could possibly result in a reduction-in-force within the bargaining unit.

Based on all of the preceding, our organization contends that the National Guard Bureau's policy and instructions with regard to restoration/reemployment rights is based upon an erroneous interpretation of 32 U.S.C. 502(f) and 38 U.S.C. 101 (21)(A). Thus, it follows that the OPM instructions contained in Chapter 353 are also inapplicable to AGR personnel under present Guard Bureau directives. Restoration/reemployment rights should not be available to AGR personnel.

AGR Cost Factors - Are They Minimal? -- NO!

The average pay and benefits (including retirement accurals) for an AGR is $ 42,000 based on DOD figures and substantiated by the Congressional Budget Office in its study on the Reserves dated November 1985. (Attachment No. 4). The average cost for a civilian technician is $ 30,000. This figure includes military pay for National Guard service and is based on DOD's Cost Benefit Analysis for the Reserve Component Full-Time Support Program.

The Congress authorized 43,792 AGRs for FY-86 for the Guard and Reserves at a cost of over $ 1,839,000,000. If civilian technicians had been hired instead of AGRs it would have saved the taxpayer at least $ 500,000,000 in costs per year.

For years, each Army National Guard unit was supported by one or two civilian employees - a GS-7 and a GS-5. DOD and National Guard Bureau plans call for a minimum of four AGRs, in some cases more, at grades E-7 to E-4 at unit level and as high as Colonel in headquarters units. (Attachments No. 5, 6 & 7). Attachment No. 5 indicates a cost of $ 806,816 for AGRs for this unit - $ 63,085 more than technicians would cost in each position - and $ 353,539 more when tax free payments are considered. The figures for Attachment No. 6 are $ 663,454 for AGR costs; $ 55,003 more than technicians cost and $ 280,577 when tax free payments are considered. Attachment No. 7 indicates $ 826,277 for AGR cost - $ 48,298 above technician cost and $ 329,232 when considering tax free payments.

In addition to high salary costs, the AGRs tax free income (BAS, BAQ, VHA) adds to the cost to government. Retirement, medical care, commissary, PX, etc. further add to the costs.

Do All AGR Personnel Deploy With Their Units? -- NO!

DOD says high cost of the AGR program is acceptable because AGRs work directly with their units to improve readiness and that they deploy with their units. This reasoning also applies to civilian technicians who, by law, must hold compatible military assignments in the National Guard and must deploy with their assigned units.

A listing of AGR personnel assigned to the Army National Guard in one state (Attachment No. 8) indicates that, of the 600 plus AGRs, approximately 1/3 (190) are assigned to one unit - "STARC". Each state has a "STARC" unit (State Area Command) that has no military Table of Organization and no deployability assignment.

Assigned to this particular STARC unit are 1 Colonel, 2 Lieutenant Colonels, 4 Majors, 6 Captains, 2 Lieutenants, 4 Warrant Officers, 2 E-9s, 13 E-8s, 87 E-7s, 36 E-6s, 28 E-5s, 4 E-4s and 1 Private. The annual cost in AGR pay and benefits for this unit is over $ 7½ million.

AGR personnel assigned to STARC, including recruiters, are employed in various locations throughout the state, are not assigned to deployable units, and are not deployable assets. (The Colonel in this STARC unit is the State Personnel Management Officer). This is in complete conflict with the stated purpose and concept of the AGR program and the intent of Congress.

If 30% of the AGR personnel in one state do not deploy then it can be assumed that this would equally apply to all states. Based on 43,000 plus AGRs currently on board this would indicate that almost 13,000 do not deploy.

Congress has instructed DOD to eliminate overgrading and double-slotting in the AGR program. It appears this is being accomplished by assignments to STARC units where there are no rank limitations nor definite military assignments.

Is The National Guard Still Converting Technician Positions to AGR? YES!

I am attaching (Attachment No. 9) ten National Guard Technician Vacancy Announcements which are only a sampling of the announcements that have been published and posted by the State of New York over the past two and one half years. They are illustrative of a consistent long range effort to convert technician positions to Active Guard/Reserve (AGR) status. The conversion of technician positions is appropriately supported by the fact that each of the positions advertised on the attached forms has been filled by an individual in AGR status. In every case the predecessor was a technician.

On September 5, 1985, I met with representatives of the Manpower Division of the National Guard Bureau and discussed this particular issue with them. I followed up our meeting with a letter on September 24, 1985 and received the Bureau's response by letter dated October 11, 1985 (Attachment No. 10). The last paragraph of their letter states that they were advised that the practice of dual advertising of positions has been stopped by New York. This is simply not true! New York continued to publish dual announcements.

These blatant and successful attempts to convert technician positions to AGR status are proof of the willful long standing effort to disregard Congressional intent. This representative sampling is only a small percentage of the complete scenario in the AGR program.

Analysis And Statements of Fact.

In the Report accompanying the FY-1986 DOD Appropriations Bill, the Defense Department was directed to prepare a report outlining their efforts to resolve the various problems associated with the full-time support program. The Department will probably request a force realignment plan that parallels the June 1985 GAO recommendation. Was this recommendation nurtured by the GAO? Absolutely not! For many years the National Guard Bureau intended to move all technicians out of their unit support activities. (Survey and Investigative Report, HAC, June 1983 - Attachment No. 11). We note that the GAO goes along with the Bureau's intentions but for no logical reason.

The statutory concept of the National Guard technician program is that the technicians will serve concurrently in three different ways, (a) perform full time civilian work in their units; (b) perform military training and duty in their units; and (c) be available to enter active federal service at any time their units are called. (Senate Report 1446 - Attachment No. 12).

During hearings before the Committee on Armed Services of the U.S. Senate on H.R. 2 statements strongly supporting the National Guard technician were presented by the Chief of the National Guard Bureau and the Adjutants General of Maryland (for the National Guard Association) and of Montana. (Attachment No. 13). The technician is still the cornerstone of the National Guard. Why replace him with AGR personnel?

The Congress authorized 43,792 AGR personnel for FY-1986 for the National Guard and Reserves at a cost of over $ 1,839,000,000. If technicians had been hired in lieu of AGR personnel, it would have saved the taxpayer at least $ 500,000,000 in costs per year.

Much of my statement has concerned mismanagement of the AGR program in the Army National Guard but I certainly don't want to mislead you into believing that the Army National Guard is the only component mismanaging the AGR program. I am presently an Air National Guard technician and have been for 32 years. The same turbulence and mismanagement exists in the Air National Guard.

Recommendations:

If the AGR program was initiated in order to save money and enhance the deployability of our units and obviously has done neither, then it is time to scuttle the program. I respectfully propose the following plan for your consideration:

1. Freeze all proposed AGR growth for FY-1987 due to all expenses related to the program and because of the high number of AGRs who do not deploy, (STARC AGRs). Presently, approximately 13,000 AGRs would not deploy due to their assignments.

2. All staffing guide positions should become technician positions controlled by the Office of Personnel Management (OPM) Job Grading Standards.

3. Slowly phase out the AGR/FTM program through attrition. All AGR personnel who desire to remain in the full-time support program should have the option of applying for deployable technician positions.

In light of the November 1985 Congressional Budget Office study, the information contained in the June 1985 GAO Report, as well as the Report of the Subcommittee's own investigative branch, it is inconceivable that today, when funds are being reduced at every level of government, that the AGR program continues to grow.

In closing, I would like to take this opportunity to thank you and the members of your Committee for your continued support given to the National Guard and Reserves.

JOB ELIMINATION

Senator STEVENS. The Roth-Stevens bill does not cover them. Those jobs are not ready to be eliminated, so they will not be covered. As a matter of fact, they will end up by applying to the DOD.

I thought we had set up a process by which we could get some answers on this. We asked GAO to study the matter. But the GAO study, I think, gives us more questions than it does answers.

Have you appeared before the Armed Services Committee on this matter?

Mr. HUNTER. Sir, I have been over to the Armed Services Committee and spoken to them. I think I testified before them last year. This year I have not testified, but I have met with many of the staff personnel, several meetings in fact.

I think what we really are facing is the situation that everybody agrees we have created some kind of monster. I do not think anybody really has figured out a way to correct the particular problem.

Again, I do not think any organization or association is out to hurt any individual who is in any particular program. I do believe that there is an awfullot of money being spent without any benefits being gained.

I believe each AGR's tenure is completed at the end of 2 or 3 years, most of the tours that are out there. As their tour ends, if they are offered that same position, every position on a staffing guide or personnel support manning guide can be converted to a civil service position, a technician position.

There is no problem in the job grading standards that have been established by the Office of Personnel Management. They all equate. Whether training NCO's, clerical people, personnel people, all of the jobs will equate. You name it.

I think you will save quite a bit of money. In fact, I would say a lot of the money saved in curtailing that AGR Program would be used to purchase more equipment for the National Guard.

Senator STEVENS. I am going to ask the staff to consult with the staff of the Armed Services Committee and arrange meetings with you and representatives of the Guard Bureau to see if we can work out some kind of understanding of what to do with this problem in light of the GAO study. I do not think we can afford another battle between the authorizers and appropriators on this issue. We would ask your cooperation with them when they call you.

Mr. HUNTER. I certainly will give them full cooperation.

CENTER ON BUDGET AND POLICY PRIORITIES, DEFENSE BUDGET PROJECT

STATEMENT OF GORDON ADAMS, DIRECTOR, DEFENSE BUDGET PROJECT, CENTER ON BUDGET AND POLICY PRIORITIES

LONG-TERM DEFENSE SPENDING ISSUES

Senator STEVENS. Our next witness is Gordon Adams, director, Center on Budget and Policy Priorities.

Mr. ADAMS. Good morning, Mr. Chairman.

Thank you very much for having me today. I am Dr. Gordon Adams, director of the defense budget project at the Center on Budget and Policy Priorities. This project is a nonprofit organization that conducts research and analysis on issues of national security, defense budget, and defense economics.

I appreciate the opportunity to testify before the subcommittee this morning.

In the written statement that I have submitted for you, I have addressed several long-term defense spending issues as well as some specific points about the fiscal 1987 defense budget. I want to highlight some of those points this morning and ask that my entire statement be submitted for the record.

Senator STEVENS. We will be pleased to do that.

FINANCING OF DEFENSE BUDGET PROJECT

With whom is your group associated? Who finances the defense budget project?

Mr. ADAMS. We are a nonprofit organization funded by foundation grants.

Senator STEVENS. Are you part of the LaRouche group?

Mr. ADAMS. No relationship whatsoever, thank goodness.

In our view, the Gramm-Rudman-Hollings legislation has totally altered the context within which the committee and the Congress are considering the new defense budget request. Until 1986, defense budgets were treated exclusively in the framework of military security issues.

Today that framework has been broadened. The curve of military security has been crossed by the curve of budgetary resources and we have begun to recognize that our national security depends on our fiscal health as well as on our sizeable military strength.

The debate over the fiscal year 1987 defense budget has picked up where the fiscal year 1986 reductions left off. It is our view that this subcommittee's work is crucial to the definition of a sound defense program.

The administration's fiscal year 1987 national defense budget request, which seeks an increase of $34 billion for national defense, 12-percent growth, including inflation, over fiscal year 1986, is inconsistent with the constraints on Federal resources imposed by the Gramm-Rudman-Hollings legislation.

In our view, the Senate Budget Committee's proposal recognizes that the defense budget, like domestic spending and revenues, must contribute its share to deficit reduction. It provides for an adequate funding level for national defense, including an allowance which will fully cover inflation in the next fiscal year, and given some increases in fuel prices, possibly some real growth.

ADEQUATE FUNDING FOR DEFENSE NEEDS

We understand that negotiations are underway on a compromise budget package that would provide a higher level for defense than the committee's original level of $295 billion. While we recognize that this shift may respond to political realities, we believe that the committee level is adequate for our national security needs.

Clearly the unprecedented defense budget growth of recent years will not continue. Ironically, Gramm-Rudman-Hollings may force us to establish more clear policies and spending priorities for our national defense.

Because Congress funded 95 percent of the defense dollars the administration requested through fiscal year 1985, there was little need for the Pentagon to make choices between programs in the defense budget. Had the administration requested and Congress approved a reasonable growth rate for defense since fiscal year 1981, we might not face the fiscal resource problem we do today.

In our view, however, living in the era of limited resources does not mean that we are pursuing or should pursue an erratic path in funding defense. Instead, limits on defense resources actually force the Congress to find the opportunities for clear, long-term planning, priority setting, and sound Defense Department management, while we still have more than adequate resources in the hands of the Defense Department to defend the Nation's security.

Let me first describe one of the major reasons why we feel the Defense Department continues to retain more than adequate resources for the task at hand. I have noted that fiscal year 1986 defense spending will actually grow in constant dollars over fiscal year 1985, despite the first round of Gramm-Rudman-Hollings sequestrations.

This growth stems from the extremely large backlog of appropriated funds accumulated by the Department in the wake of the excessive growth in procurement budget authority between fiscal year 1981 and fiscal year 1986. It is our sense that this backlog of unexpended funds is an index of the degree to which the Department has received funding at a rate beyond its ability to obligate and spend.

We are currently completing a study of the Department's funding balances and of the excess funds that may exist in that balance. Let me provide just a few highlights of that study.

INVESTMENT SHARE OF DEFENSE BUDGET

The share of the defense budget committed to investment has risen from 37.7 percent in fiscal year 1980 to 48.5 percent in fiscal year 1986. Because such programs have slow spendout rates, the Department of Defense has accumulated a substantial backlog of appropriated funds which are either not spent or not yet obligated, approximately 80 percent of which is committed to investment programs.

The Pentagon's total balances of unexpended funds increased by 165 percent from fiscal year 1980 to fiscal year 1986. The share of these funds already committed by contract for future expenditure—obligated balances—increased by 169 percent between fiscal year 1980 and fiscal year 1986.

Significantly, obligated but unexpended funds for procurement are growing far more rapidly than procurement budget authority itself.

By fiscal year 1987, according to Defense Department projections, these balances could be $55.7 billion higher than new procurement budget authority. It would seem that procurement appropriations are now growing faster than the Department's actual ability to spend the resources it receives.

UNDERESTIMATED UNOBLIGATED BALANCES

The share of unexpended funds not yet committed by contract—unobligated balances—increased by 154 percent between fiscal year 1980 and fiscal year 1986. Moreover, for the past 3 years, the Department has systematically underestimated the volume of unobligated balances it would have at the end of the fiscal year.

These underestimates occurred despite the fact that Congress appropriated fewer funds for procurement in each of these years than the Department had requested.

Our review of the Department's unexpended balances, raises serious questions about whether DOD can absorb and efficiently spend budgetary resources at the rapid rate it has been granted them by the Congress.

If there is a natural limit on the Department's ability to obligate and spend funds for procurement, it may not make any sense at all for the Congress to provide the renewed rapid growth in defense spending the administration has requested.

In part, the problem is the lack of criteria about what the unobligated balance level should be. However, the overall level should not provide much more than the amount needed for outyear contracts.

The large departmental backlog also raises questions about the degree to which excess funds may exist in past appropriations, either not needed for the programs for which they were appropriated or resulting from excessively high projections of inflation.

Although the annual scrub of the defense budget regularly deals with such excess funds, there is repeated evidence that such funds continue to exist.

OVERBUDGETING FOR INFLATION

Several recent Government reports have showed that the Pentagon and the Congress have overbudgeted for inflation since fiscal year 1982, leading to higher defense appropriations than needed for the planned defense program. Clearly, new improved forecasting methods are needed to track the actual, versus projected, inflation rate and to make the corresponding adjustment within the defense budget.

The Pentagon recently reported that it had found an additional $2.2 billion in savings in the fiscal year 1986 budget even after the Gramm-Rudman-Hollings cuts. Typically, these funds are used for Pentagon programs which, in effect, rewrites the congressionally approved defense budget.

As these examples illustrate, DOD and the Congress have regularly found unneeded or excess funds in the defense budget which can be removed without cutting back on the defense program or can actually be used to purchase additional programs. As it prepares the fiscal year 1987 defense budget, we urge the subcommittee to carry out a careful scrub this year in search of such savings.

Limited resources for defense necessitate close scrutiny of the administration's request for fiscal year 1987. We would like to suggest several priority areas for the subcommittee's attention.

We believe it is not appropriate to measure our commitment to our national security in terms of percentage increases or decreases in the dollars we deliver to the Defense Department. Instead, this committee and the Congress as a whole need to address fundamental security requirements and to design the programs to match those requirements, recognizing the need for fiscal restraint.

We urge the subcommittee to scrutinize the administration's request not simply by contrasting it with Soviet expenditures and programs, but also in terms of what we and our allies now have, what interests we must defend, and what missions we actually assign to existing forces.

PROCUREMENT DECISIONS

In the era of limited resources, we cannot purchase all proposed procurement programs. Mission requirements are the yardstick the subcommittee should use in selecting priority programs.

PERSONNEL AND OPERATIONS AND MAINTENANCE

Over the past 5 years, personnel and O&M spending have lagged behind the growth rate in investment funding, actually falling as a share of total national defense budget authority. While investment accounts have grown 91.2 percent, after inflation, over that period, personnel spending has grown by only 11.3 percent and O&M by 29.4 percent.

We are concerned about the rapid addition of equipment to the inventory without adequate funds to staff, operate, and maintain that equipment.

BLACK PROGRAMS

There has been rapid growth since 1981 in the number of classified programs. The share of defense budget authority going into black programs has increased from 3 percent in fiscal year 1981 to 7 percent in the fiscal year 1987 budget request.

This trend reduces the ability of Congress to maintain its oversight role with regard to defense investment spending at the very time when budgetary constraints increase the importance of such oversight. We urge the subcommittee to devote attention to this problem.

RESEARCH AND DEVELOPMENT

At 20 percent after inflation, R&D is the fastest growing part of the fiscal year 1987 budget request, having already risen 87 percent after inflation since fiscal year 1980. With limits on resources, we are concerned about the problem of making substantial commitments to programs now in advanced engineering development which could become the weapons-driven defense budget of the 1990's.

We call the subcommittee's attention to the importance of selecting priorities among the R&D programs and to the possibility of slowing down some of the advanced programs while the Defense Department absorbs the funds it now has committed to new acquisitions.

We particularly urge the subcommittee to consider freezing funding for the Strategic Defense Initiative at fiscal year 1986 levels. SDI simply contains too many technical uncertainties and its rapid growth threatens other R&D priorities in the budget.

PROCUREMENT REFORM

Although reforms of the procurement process are not the responsibility of this subcommittee, the need for close scrutiny of the defense budget grows in part from the sense that some of the previously appropriated dollars have been wasted.

While we are encouraged by many of the recent proposals from the Packard Commission, it is our sense that efficiency in the Defense Department is as closely linked to fiscal restraint as it is to reformed procedures, structures, and regulations.

As the subcommittee considers its appropriations and the defense top line, we urge it to keep in mind that fiscal discipline for the Defense Department may be one of the most effective management tools the Congress has.

CONCLUDING REMARKS

In conclusion, Mr. Chairman, as the subcommittee considers the fiscal year 1987 defense appropriation, we urge it to keep in mind that establishing sound priorities in defense, lowering the Federal deficit, and obtaining efficient management in the Defense Department can all be served by holding the top line of defense to a reasonable level over the next few years.

The rapid buildup of the early 1980's has weakened public confidence in the defense program. It has also left the Defense Department with a large backlog of resources which will cause sustained defense growth for the coming years.

It is especially urgent this year for the Congress to define its own budgetary level for defense; the alternative of Gramm-Rudman-Hollings would be harmful to a sound defense and bad management, indeed.

We urge the subcommittee to scrutinize defense resources closely, both those proposed in the new budget and those growing out of past budgets, in order to identify savings before the budget has been approved. Such scrutiny will ensure that the defense appropriations are used effectively and truly support our national security needs.

Again, I appreciate the opportunity to present our views to the committee and look forward to working together in the future.

I am available for any questions you might have.

Senator STEVENS. I do not have any questions. We thank you very much for your comments. We shall be pleased to take them into consideration as we view the budget.

Mr. ADAMS. Thank you very much, Mr. Chairman.

[The statement of Mr. Adams follows:]

CENTER ON BUDGET AND POLICY PRIORITIES

Defense Budget Project

Statement
by

Gordon Adams,
Director
Defense Budget Project
at the
Center on Budget and Policy Priorities

Good morning. I am Dr. Gordon Adams, Director of the Defense Budget Project at the Center on Budget and Policy Priorities in Washington, D.C..

The Defense Budget Project is a nonprofit organization that conducts research and analysis on issues of national security, defense budget and defense economics. I attach our recent statistical analysis of the FY 1987 defense budget request as an example of our work.

I would like to thank the Senate Defense Appropriations Subcommittee for its invitation to testify this morning on the FY 1987 defense budget. Such hearings provide the Congress with the opportunity to hear and review analyses of defense issues from groups and organizations outside the isntitutions of Congress itself. Increased public involvement in the discussion over our nation's security can greatly enhance Congressional awareness of the public's attitudes while providing the Congress with the opportunity to educate the public on the important security choices implied in the defense budget. In my testimony, I will address several long-term defense spending issues, as well as some specific points on the FY 1987 defense budget request.

Congress has taken major steps in the past twelve months toward slowing down the rapid growth in our nation's defense spending. While defense budgets grew at an average annual rate of 9 percent after inflation between FY 1981 and FY 1985, the impact of the Gramm-Rudman-Hollings legislation has been to slow that average rate to 6.8 percent through FY 1986.

In our view, the Gramm-Rudman-Hollings legislation has totally altered the context within which this Committee and the Congress are considering the new defense budget request. Until 1986, defense budgets were treated exclusively in the framework of military security issues. Today that framework has been broadened. The curve of military security has been crossed by the curve of budgetary resources and we have begun to recognize that our national security depends on our fiscal health as well as on our sizeable military strength.

The FY 1986 Gramm-Rudman-Hollings sequestrations began this process of fiscal discipline for the Defense Department. The Defense Budget Project's January 1986 analysis of the impact of the first round of cuts showed that, while they reduced defense resources by 4.9 percent, much of defense spending was shielded from their impact (pay and existing contracts) and the resulting reductions did not adversely affect the nation's defense program. In particular, we noted that although the cuts reduced national defense budget authority 5.9 percent below the FY 1985 level, actual defense outlays in FY 1986 are projected to continue to grow roughly 2 percent after inflation.

The debate over the FY 1987 defense budget has picked up where the FY

1986 reductions left off. It is our view that this Subcommittee's work is crucial to the definition of a sound defense program, a definition which, in our opinion, can stay firmly within the top line target of $295 billion included in the budget resolution as reported out by the Senate Budget Committee. The Administration's FY 1987 national defense budget request, which seeks an increase of $34 billion for national defense (12 percent growth, including inflation, over FY 1986) is inconsistent with the constraints on federal resources imposed by the Gramm-Rudman-Hollings legislation.

In our view, the Senate Budget Committee's proposal recognizes that the defense budget, like domestic spending and revenues, must contribute its share to deficit-reduction. It provides for an adequate funding level for national defense, including an allowance which will fully cover inflation in the next fiscal year.* In fact, the Budget Committee resolution actually freezes many domestic programs without inflation allowances and reduces funding for others. The resolution meets the Gramm-Rudman Hollings target by taking 37 percent of the needed cuts in domestc programs, 10 percent in defense, while making up for 48 percent in increased revenues (the remainder comes from lower debt service requirements).

It is important for this Subcommittee to define detailed defense program within the Budget Committee's framework, rather than leave the job to Gramm-Rudman-Hollings. Automatic sequestrations for FY 1987 would distort the national security program totally, devastating any possibility of carefully defined choices and priorities.

[*Note: it is worth noting that dramatic reductions in fuel prices over the past four months may actually mean that the $295 billion level would provide some real growth for defense.]

Clearly the unprecedented defense budget growth of recent years will not continue. Ironically, Gramm-Rudman-Hollings may force us to establish more clear policies and spending priorities for our national defense. The record funding for defense of the early 1980s may have actually discouraged efforts to set such priorities and contributed to the decline of the national consensus on a defense buildup. Because Congress funded 95 percent of the defense dollars the Administration requested through FY 1985, there was little need for the Pentagon to make choices between programs in the defense budget. Had the Administration requested and Congress approved a reasonable growth rate for defense since FY 1981, we might not face the fiscal resource problem we do today. Instead, defense could have followed the steady course suggested by the attached graph, indicating the degree to which the FY 1981-86 spending program exceeded a reasonable target rate of 3 percent growth per year after inflation.

In our view, however, living in the era of limited resources does not mean that we are pursuing an erratic path in funding defense. Instead, limits on defense resources actually forces the Congress to find the opportunities for clear, long-term planning, priority-setting and sound Defense Department management, while we still have more than adequate resources in the hands of the Defense Department to defend the nation's security.

Let me first describe one of the major reasons why we feel the Defense Department continues to retain more than adequate resources for the task at hand. I have noted that FY 1986 defense spending will actually grow in constant dollars over FY 1985, despite the first round of Gramm-Rudman-Hollings sequestrations. This growth stems from the extremely large backlog of appropriated funds accumulated by the Department in the wake of the excessive growth in procurement budget authority between FY 1981 and FY 1986. It is our sense that this backlog of unexpended funds is an index of the degree to which the Department has received funding at a rate beyond its ability to obligate and spend.

We are currently completing a study of the Department's funding balances and of the excess funds that may exist in that balance. Let me provide just a few highlights of that study:

- The defense buildup of the past five years has been driven by commitment to new weapons programs. The share of the defense budget committed to "investment" has risen from 37.7 percent in FY 1980 to 48.5 percent in FY 1986. Because such programs have slow spendout rates, the Department of Defense has accumulated a substantial backlog of appropriated funds with are either not spent or not yet obligated, approximately 80 percent of which is committed to investment programs. While total DOD budget authority increased by 104 percent from FY 1980 to FY 1986 (from $140.7 billion to $286.8 billion), the Pentagon's total balances of unexpended funds increased by 165 percent (from $92.2 billion to an estimated $270.6 billion).

- The share of these funds already committed by contract for future expenditure ("obligated balances") increased by 169 percent (from $67.9 billion to $182.9 billion) between FY 1980 and FY 1986. Significantly, obligated but unexpended funds for procurement are growing far more rapidly than procurement budget authority itself. In FY 1985, for example, obligated but unspent funds in DOD's procurement programs exceeded new budget authority for procurement by $23.5 billion. By FY 1987, according to Defense Department projections, these balances could be $55.7 billion higher than new procurement budget authority. It would seem that procurement appropriations are now growing faster than the Department's actual ability to spend the resources it receives.

- The share of unexpended funds not yet committed by contract ("unobligated balances") increased by 154 percent (from $24.2 billion to $61.5 billion) between FY 1980 and FY 1986. Moreover, for the past three years, the Department has systematically underestimated the volume of unobligated balances it would have at the end of the fiscal year. This balance was $12.6 billion higher than projected in FY 1984, $12.1 billion higher in FY 1985 and is likely to be at least $7 billion in FY 1986. These underestimates occurred despite the fact that Congress appropriated fewer funds for procurement in each of these years than the Department had requested.

Our review of the Department's unexpended balances, raises serious questions about whether DOD can absorb and efficiently spend budgetary resources at the rapid rate it has been granted them by the Congress. If there is a "natural" limit on the Department's ability to obligate and spend funds for procurement, it may not make any sense at all for the Congress to provide the renewed rapid growth in defense spending the Administration has requested.

The large Departmental backlog also raises questions about the degree to which excess funds may exist in past appropriations, either not needed for the programs for which they were appropriated or resulting from excessively high projections of inflation. Although the annual scrub of the defense budget regularly deals with such excess funds, there is repeated evidence that such funds continue to exist.

- Several recent government reports have showed that the Pentagon and the Congress have overbudgeted for inflation since FY 1982, leading to higher defense appropriations than needed for the planned defense program. The General Accounting Offices estimates this "inflation dividend" at $38.8 billion since that year.

- In May 1985, Secretary of Defense Caspar W. Weinberger disclosed that DOD had found $4 billion in "savings", primarily from prior-year budgets, including $1.4 billion from overestimates of inflation.

- In the FY 1986 defense appropriations bill this subcommittee and its counterpart in the House agreed to transfer $6.3 billion in what were called "savings" from prior-year programs to other programs in FY 1986.

- The Pentagon recently reported that it had found an additional $2.2 billion in "savings" in the FY 1986 budget even after the Gramm-Rudman-Hollings cuts.

As these examples illustrate, DOD and the Congress have regularly found unneeded or excess funds in the defense budget which can be removed without cutting back on the defense program or can actually be used to purchase additional programs. As it prepares the FY 1987 defense budget, we urge the Subcommittee to carry out a careful scrub this year in search of such savings.

Limited resources for defense necessitate close scrutiny of the Administration's request for FY 1987. We would like to suggest several priority areas for the Subcommittee's attention:

- National security concerns. We believe it is not appropriate to measure our commitment to our national security in terms of percentage increases or decreases in the dollars we deliver to the Defense Department. Instead, this committee and the Congress as a whole need to address fundamental security requirements and to design the programs to match those requirements, recognizing the need for fiscal restraint. The threat to the United States is not, in and of itself, the sole yardstick for what force structure and weapons programs our security requires. We need to look, too, to what our interests and those of our allies are and what forces in combination we now have to protect those interests. We urge the subcommittee to scrutinize the administration's request not simply by contrasting it with Soviet expenditures and programs, but also in terms of what we and our allies now have, what interests we must defend, and what missions we actually assign to existing forces.

- Procurement decisions. We urge the subcommittee to tie future procurement decisions to national security missions and needs. The buildup of the early 1980's consisted largely of purchasing increased quantities of weapons programs already begun in the 1970's. In the era of limited resources, we cannot purchase all proposed programs. Mission requirements are the yardstick the subcommittee should use in selecting priority programs.

- Personnel and Operations & Maintenance. Over the past five years, personnel and O&M spending have lagged behind the growth rate in investment funding, actually falling as a share of total national defense budget authority from 60.8 percent in FY 1980 to 49.9 percent in FY 1986. While investment accounts have grown 91.2 perdent (after inflation) over that period, personnel spending has grown by only 11.3 percent and O&M by 29.4 percent. We are concerned about the rapid addition of equipment to the inventory without adequate funds to staff, operate and maintain that equipment. When priorities are being set, we urge the Subcommittee not to fall prey to the temptation to sacrifice readiness, maintenance, end strength and sustainability to the goal of adding even more equipment.

- Black programs. There has been rapid growth since 1981 in the number of classified programs. The share of defense budget authority going into black programs has increased from 3 percent in FY 1981 to 7 percent in the FY 1987 budget request. (The dollar increase is from $5.5 billion to

$22 billion.) We are concerned that this trend reduces the ability of Congress to maintain its oversight role with regard to defense investment spending at the very time when budgetary constraints increase the importance of such oversight and we urge the subcommittee to devote attention to this problem.

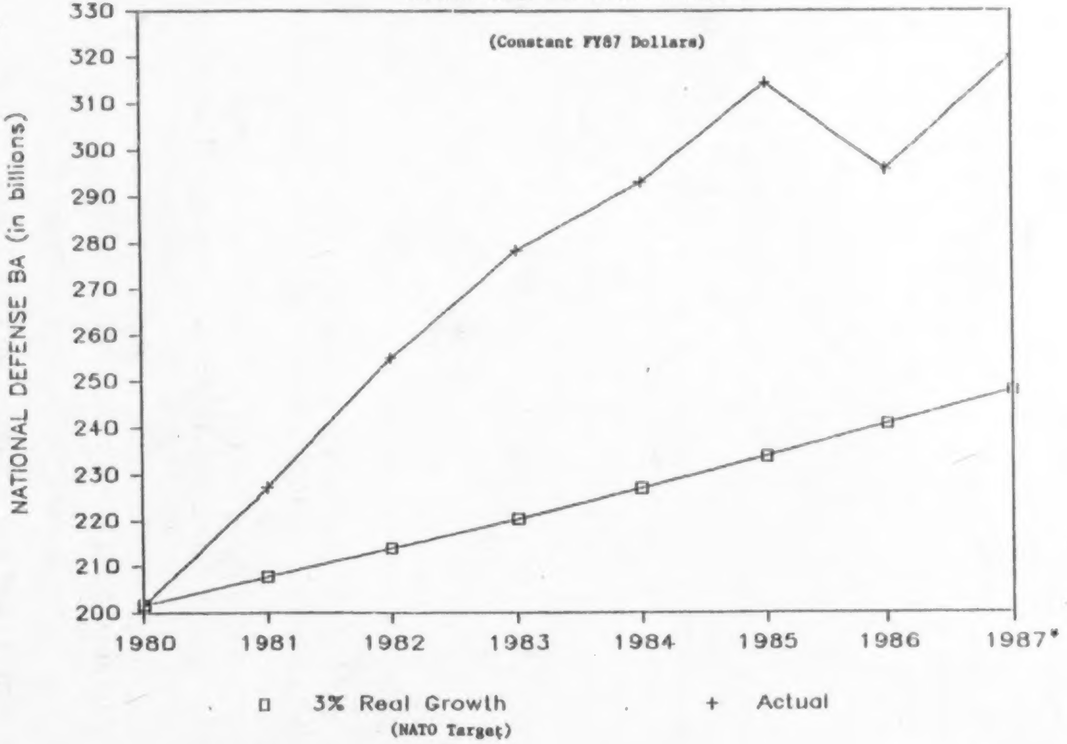
- Research and Development. In the FY 1986 and FY 1987 budget requests, the Defense Department targeted a number of major R&D programs for significant spending increases. At 20 percent after inflation, R&D is the fastest growing part of the FY 1987 budget request, having already risen 87 percent after inflation since FY 1980. With limits on resources, we are concerned about the problem of making substantial commitments to programs now in advanced engineering development which could become the "weapons-driven" defense budget of the 1990's. We call the Subcommittee's attention to the importance of selecting priorities among the R&D programs and to the possibility of slowing down some of the advanced programs while the Defense Department absorbs the funds it now has committed to new acquisitions. We particularly urge the subcommittee to consider freezing funding for the Strategic Defense Initiative at FY 1986 levels. SDI simply contains too many technical uncertainties and its rapid growth threatens other R&D priorities in the budget.

- Procurement reform. Although reforms of the procurement process are not the responsibility of this subcommittee, the need for close scrutiny of the defense budget grows in part from the sense that some of the previously apropriated dollars have been wasted. While some reform legislation may be advisable, micromanagement of the procurement process may do some harm as well as some good. Moreover, procurement reform, in and of itself, will not necessarily save significant fiscal resources. While we are encouraged by many of the recent proposals from the Packard Commission, it is our sense that efficiency in the Defense Department is as closely linked to fiscal restraint as it is to reformed procedures, structures and regulations. As the subcommittee considers its appropriations and the defense top line, we urge it to keep in mind that fiscal discipline for the Defense Department may be one of the most effective management tools the Congress has.

In conclusion, Mr. Chairman, as the Subcommittee considers the FY 1987 defense appropriation, we urge it to keep in mind that establishing sound priorities in defense, lowering the federal deficit and obtaining efficient management in the Defense Department can all be served by holding the "top line" of defense to a reasonable level over the next few years. The rapid buildup of the early 1980's has weakened public confidence in the defense program; it has also left the Defense Department with a large backlog of resources which will cause sustained defense growth for the coming years. It is especially urgent this year for the Congress to define its own budgetary level for defense; the alternative of Gramm-Rudman-Hollings would be harmful to a sound defense and bad management, indeed. We urge the Subcommittee to scrutinize defense resources closely, both those proposed in the new budget and those growing out of past budgets, in order to identify savings before the budget has been approved. Such scrutiny will ensure that the defense appropriations are used effectively and truly support our national security needs. Again, I appreciate the opportunity to present our views to the Committee and look forward to working together in the future.

DEFENSE BUDGET GROWTH, 1980–1987

COMPARED TO NATO TARGET



Source: OMB Historical Tables, FY87

DoD Deflator Tables, February 3, 1986

*Administration Request

JOINT POLICY BOARD FOR MATHEMATICS

STATEMENT OF ANDREW GLEASON, JOINT POLICY BOARD FOR MATHEMATICS

6.1A6 RESEARCH PROGRAM

Senator STEVENS. Mr. Andrew Gleason of the Joint Policy Board for Mathematics.

Mr. GLEASON. My name is Andrew Gleason. I am Hollis professor of mathematics and natural philosophy at Harvard University, and a former president of the American Mathematical Society. I also helped found the Joint Policy Board for Mathematics, on whose behalf I am speaking today.

I am here to speak for the Joint Policy Board for Mathematics which represents some 31,000 professional mathematicians which is virtually all of those mathematicians who work full time in our colleges, universities, Government, and industrial laboratories.

The Joint Policy Board is concerned about the Department of Defense's 6.1A6 research program in mathematics. A few years ago the National Research Council convened a special committee to examine and review the level of support of the Federal Government for basic research in mathematics.

That committee was chaired by Edward David, former Science Advisor to the President, and most of its members were from outside of mathematics. Their report was published in 1984. In brief, their findings were as follows:

One, the Federal support for mathematics research had declined to a seriously low level and support had become out of balance with support for other areas of science.

Two, Federal support for mathematical research must be restored if the Nation is to continue its advance in technology. They recommended that Federal support for mathematics research should be more than doubled from about $80 million to about $180 million and that this increase should take place within the next 3 to 5 years.

FEDERAL SUPPORT FOR MATHEMATICS

I am here before you today because the Department of Defense has provided almost half of the Federal support for mathematics.

Why have they done that? The written testimony mentions four specific examples in which basic mathematics research has led to major savings in operations or to the design of new high technology equipment.

There are many other possibilities. I would like to mention one more for which I will speak personally.

Since 1942 when I joined the Navy as an ensign, I have been associated with the National Security Agency, its predecessors and offshoots. I can assure you that mathematics plays a fundamental role in the important work of that Agency. I think it is quite safe to say that mathematics research is involved at the base of all of our modern high technology devices.

Now, the role of mathematics in these projects of all sorts is usually rather small in monetary terms, but absolutely vital. Now, this curious state of affairs has been the cause of shortfall in Federal support. It is ironic that because mathematics is not expensive, it is not perceived as important.

Since 1984 both the Department of Defense and the National Science Foundation—and the National Science Foundation is the other major provider of support for mathematics; they provide about 54 percent of all of it—both of these agencies have increased their levels of support and have begun to restore the balance of scientific support as recommended by the David Committee.

Mr. Chairman, I believe that your subcommittee's direct interest in this matter has been very helpful in achieving that very much appreciated increase and we thank you for that.

The Director of the National Science Foundation has announced that the mathematics budget would be shielded from the Gramm-Rudman-Hollings cuts this year. The considerable increase was made in the 1986 budget of DOD, but we do not know yet how the Gramm-Rudman-Hollings cuts will affect this budget.

DAVID COMMITTEE

Welcome as all increases are, we are not moving on the schedule called for by the David Committee.

Mr. Chairman, on behalf of the joint policy board, I offer two recommendations to your committee:

One, provide sufficient money for mathematics research in the DOD 6.1 budget in accordance with the David Committee report.

Two, continue your much needed and much appreciated interest in the mathematics support, and request that the DOD report to you how they are using the money allocated for mathematics research.

This last recommendation, I should point out, reflects the fact that money for mathematics research has typically been aggregated with support in other areas which command much more money.

As a result, these items are frequently lost track of and a relative change in them is hardly perceived. That is, in fact, apparently how we got to the condition we were in in 1984 after about 15 years of unmonitored relative decreases in these aggregated funds.

Now, in conclusion, Mr. Chairman, I would emphasize that although mathematics research is a small item in your budget, it is a very highly leveraged item and, consequently, it deserves your particular attention.

I am happy to have the opportunity to make this statement. I will be glad to answer questions.

[The statement of Mr. Gleason follows:]

PREPARED STATEMENT OF ANDREW GLEASON

JOINT POLICY BOARD FOR MATHEMATICS

The Joint Policy Board for Mathematics is an executive policy board of the American Mathematical Society, the Mathematical Association of America and the Society for Industrial and Applied Mathematics.

My name is Andrew Gleason. I am Hollis Professor of Mathematicks and Natural Philosophy at Harvard University, and a former president of the American Mathematical Society. I also helped found the Joint Policy Board for Mathematics, on behalf of which I am speaking today. The Joint Policy Board for Mathematics represents 31,000 mathematicians, from universities and colleges, government laboratories and industry.

PRIMARY CONCERNS OF THE MATHEMATICS RESEARCH COMMUNITY

The Joint Policy Board for Mathematics is concerned about the Department of Defense (DOD) 6.1 basic research program as it applies to mathematics research. There are several key points to be made:

- Federal support for mathematical research, in particular 6.1 support at the DOD, has declined to a critically low level.
- Federal support for mathematical research must be restored if the nation is to continue to receive direct benefit from research results.
- Present levels of federal support for mathematical research are about $90 million short of the needed level.
- About 94% of federal support for mathematics research comes from the Department of Defense (40%) and the National Science Foundation (54%). Responsibility for restoring funding for mathematics research rests primarily with these two agencies.

DOD BENEFITS FROM MATHEMATICS RESEARCH

DOD-sponsored mathematics research has a long track record of contribution to the nation's defense effort. How has the DOD benefited from its support of mathematical research in the past?

Examples of direct contributions to defense made through DOD-supported discovery of new mathematical methods and concepts include:

- Linear programming techniques, developed in the 1940's by George Dantzig and others, were essential in keeping the U.S. fleet supplied. Modern day extensions of these methods enable DOD to plan, program and manage a variety of logistically complex situations, thereby saving multi-millions of dollars each year.
- Fourier transform methods created by Norbert Wiener in and after World War II formed the conceptual basis for signal processing, which is used pervasively in

military communication, information gathering, and detection. Today's ground-level radar, which reliably identifies moving objects, is based on a direct application of Wiener's methods, made possible by the availability of powerful computers.

- Mathematical control theory, based on variational calculus, is used extensively in aerodynamics, space and fire control.

- Mathematical studies of friendly vs. unfriendly aircraft using partial differential equations methods called asymptotic diffraction theory proved successful and are used in submarine identification.

SHORTFALLS IN FEDERAL SUPPORT FOR MATHEMATICS RESEARCH

In June, 1984, the National Research Council's ad hoc Committee on Resources for the Mathematical Sciences issued its report on the health of and support for mathematics research in the United States. The Committee was chaired by Dr. Edward E. David, Jr., former science advisor to the president and then-president of Exxon Research and Engineering Company. The David Committee report, Renewing U.S. Mathematics: Critical Resource for the Future, documented seriously low levels of federal support for mathematics research.

The dramatic decline in funding happened for two reasons: First, even among sophisticated observers of science and technology, there is a tendency to believe that the mathematics necessary for progress in science and technology already exists and needs only to be applied. But, the creation of new mathematics is a vital part of scientific and technological advancement. This point often escapes the attention and support of policy makers.

Second, the philosophy behind the Mansfield amendment caused the DOD to drop much of its support for basic mathematics research in the late 1960's and early 1970's. Together with a dramatic reduction in the early 1970's in federal science fellowships, it caused the elimination of one third of the constant dollar support for mathematics research. A succeeding decade of flat funding for mathematics largely escaped notice because mathematics was lumped together with computer science in federal data. Rapid growth in federal support for computer science masked the flat level of support for basic mathematics research.

RECOMMENDATION OF THE DAVID COMMITTEE

The David Committee made some conservative recommendations--even though calling for more than a doubling of federal support over a five-year period. The increases would come from a low base--from $80 million in 1984 (1984 dollars) to $180 million (1984 dollars) by 1989.

PROGRESS SINCE 1984

Federal support for mathematics research has shown a slight upward turn over the past few years. At the National Science Foundation, the levels of support for mathematics research rose from $45.6 million in fiscal year 1984 to $52.7 million in fiscal year 1985 -- a 15% increase.

Furthermore, NSF's fiscal year 1986 support for mathematics research remains at the appropriated level of $57.2 million, having been exempted from the Foundation's across-the-board cut imposed by Gramm-Rudman-Hollings.

At the Department of Defense, the increase for mathematics research from fiscal year 1984's support of $29.9 million to fiscal year 1985's support of $32.3 million was about 10 percent. The fiscal year 1986 appropriated level of funding was $42.4 million. A significant percent of the total was for a new mathematics program at the Defense Advanced Research Projects Agency (DARPA). Increases in support for mathematics research in the service agencies, however, have grown at a level below that recommended by the David Committee.

Furthermore, it appears that increases for mathematics research in DARPA and in the service agencies may suffer badly under the Gramm-Rudman-Hollings budget cuts. It is unknown at this time how the Strategic Defense Initiative and the University Research Initiative will affect DOD's support for mathematics research.

The Joint Policy Board for Mathematics commends the Subcommittee on Defense for the inclusion of language in the fiscal year 1986 Defense appropriations report calling attention to the problem of low levels of support for mathematics research. It is unclear to what extent support for mathematics research will be helped by the University Research Initiative. Clear policy guidelines for the University Research Initiative are lacking. Also lacking is any plan for how the DOD intends to respond to the recommendations of the David Committee report.

> RECOMMENDATION: The Joint Policy Board for Mathematics recommends that the Subcommittee on Defense of the Senate Committee on Appropriations support and augment funding for mathematics research at the Department of Defense. Such action is necessary if the balance of federal support for mathematics research is to be restored, as recommended by the National Research Council. The support of research to create new mathematics is central to the nation's defense capability.
>
> RECOMMENDATION: The Joint Policy Board for Mathematics recommends that the Subcommittee on Defense of the Senate Committee on Appropriations--as part of its oversight responsibility--request the Department of Defense to submit to the Congress an annual report documenting the level and type of support for mathematics research within each of the service agencies and DARPA.
>
> This report would provide a basis for planning by the Subcommittee on Defense for the future support of mathematical research. The information could also be used to coordinate efforts with the National Science Foundation--the other major federal supporter of mathematical research.

Thank you for the opportunity to testify before the Subcommittee on Defense Appropriations. The Joint Policy Board for Mathematics would be pleased to provide additional and supporting data to the subcommittee.

NSB-84-302

STATEMENT ON MATHEMATICAL SCIENCES
AS ADOPTED BY THE EXECUTIVE COMMITTEE
ON BEHALF OF THE NATIONAL SCIENCE BOARD
AT ITS 84-10 MEETING ON DECEMBER 20, 1984

The National Science Board is concerned with the strengths of and balance among scientific and engineering disciplines, especially where a specific field, such as mathematical sciences, affects much of the scientific, engineering and technological enterprise of the nation.

The Ad Hoc Committee on Resources for Mathematical Sciences of the National Research Council and its Chairman, Dr. Edward E. David, Jr., are to be commended for their timely and compelling report, Renewing U.S. Mathematics - Critical Resources for the Future. This broadly-based group, including scientists and engineers, as well as mathematicians, representing both industry and academia, has documented requirements to keep mathematics research in balance with other fields. The very core of most science and engineering efforts is dependent on mathematics and owes many advancements to sophisticated application of the techniques of mathematicians.

The National Science Foundation has made important increases in support for graduate students and young researchers in mathematical sciences. Various other funding agencies have also increased funding. The National Science Board, therefore,

> RESOLVES, that a concerted effort should be made by all funding agencies to increase support for the mathematical sciences for several years until a proper level of sustaining support has been achieved.

FUNDING FOR ANNUAL REPORTS

Senator STEVENS. Thank you very much, Professor Gleason.

We will look into the suggestions you made and and the two recommendations from your joint policy board. We are starting to look askance at any new requirements for any reports because there is so much money being spent on annual reports in the Department of Defense, it is creeping up the percentage of budget which far exceeds what we are dedicating to mathematics.

I think that would be counterproductive. We will see what we can do to require the Department to respond to any questions concerning that allocation and maybe accomplish the same result.

I certainly want to assure you of our continuing interest in maintaining support of the recommendations of the David Committee report. We will do what we can consistent with the budget this year.

Mr. GLEASON. Thank you very much.

Senator STEVENS. Thank you, Professor.

NAVAL ENLISTED RESERVE ASSOCIATION

STATEMENT OF M. CHIEF EDMUND COUTO, NATIONAL VICE PRESIDENT, NAVAL ENLISTED RESERVE ASSOCIATION

SUPPORT OF ADMINISTRATION BUDGET

Senator STEVENS. Our next witness is M. Chief John B. Thomas for the Naval Enlisted Reserve Association.

Mr. COUTO. Sir, let me introduce myself in place of M. Chief Thomas who is giving testimony in another building.

I am M. Chief Ed Couto, national vice president of the Naval Enlisted Reserve Association.

The Naval Enlisted Reserve Association appreciates the opportunity to provide testimony to the committee for their consideration.

We will highlight our statement and ask that our full statement be included in the record.

NAVAL RESERVE STRENGTH

We fully support the administration's fiscal year 1987 request of 127,328 selected end strength and 23,197 full-time support. These increases reflect continued expansion toward full NAMMOS requirements in order to recruit and sustain. The manpower requirements of the Naval Reserve, recruiting/retention incentives must be applied.

The Naval Enlisted Reserve Association strongly rcommends approval and funding for the following programs: Unit incentive pay for high-priority units, enhanced SELRES bonus program, and a selected reenlistment bonus for TARS, existing law limits SRB authority only to Regular components.

These TARS not only make their commitments for Reserve training on weekends, they also must make regular Navy sea commitments during the week, serving side by side with their active duty counterparts at sea on NRF ships. However, the enlisted TAR does not have the same opportunity for SRB in critical skills as the regular. This situation needs immediate attention.

P-3C PROGRAM

The P–3C is a primary ASW system. The P–3C rate of procurement is essential to maintain the force level and the operational effectiveness of our Active and Reserve Forces. NERA strongly supports fiscal year 1987 budget requests for procurement of nine P–3C aircraft, SH–2 LAMPS MK–1 procurement, and improvement program.

The SH–2 LAMPS MK–1 helicopter is a vital asset to the AWS capability and effectiveness.

The FFG–7 frigates have been designed to accommodate two SH–2 LAMPS MK–1 helicopters. NERA disagrees with Navy's plans to provide only one helicopter per ship. The Naval Enlisted Reserve Association strongly supports the continued procurement of SH–2's to provide two SH-2's for each Reserve Force FFG–7.

We also request funding to initiate the SH–2 weapon system improvement program for all current SH–2's.

BEQ'S

Of prime concern to the Naval Enlisted Reserve Association is the inadequate, antiquated, wooden World War II barracks. Only one BEQ was requested in fiscal year 1986 and no BEQ projects for fiscal year 1987.

Enlisted Reservists are dedicated, trained individuals with a high level of expertise and should not be treated as second-class citizens when it comes to berthing.

The Naval Enlisted Reserve Association recommends funding be added to the fiscal year MCNR funding of $12.2 million for construction of BEQ's at NAS South Weymouth, NAS Glenview, and the naval support activity, New Orleans.

Mr. Chairman, this completes our statement. If there are any questions, we would be pleased to provide answers for the committee.

[The statement of M. Chief Thomas follows:]

NAVAL ENLISTED RESERVE ASSOCIATION

STATEMENT OF

MASTER CHIEF JOHN B. THOMAS, USNR(RET)

NATIONAL LEGISLATIVE DIRECTOR

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

THE NAVAL ENLISTED RESERVE ASSOCIATION APPRECIATES THE OPPORTUNITY TO PROVIDE TESTIMONY TO THE COMMITTEE FOR THEIR CONSIDERATION.

WITH THE IMPACT OF GRAMM-RUDMAN-HOLLINGS, IT WOULD APPEAR TO BE APPROPRIATE TO INCREASE RELIANCE ON THE NAVAL RESERVE, AND THAT MEANS PROVIDING THEM WITH SUITABLE EQUIPMENT, MANPOWER AND INCENTIVE PROGRAMS.

OUR ASSOCIATION FULLY SUPPORTS THE SECRETARY OF THE NAVY, JOHN LEHMAN, AND ADMIRAL JAMES D. WATKINS, USN, CHIEF OF NAVAL OPERATIONS, FOR THEIR COMMITMENT TO THE RESERVE FORCE STRUCTURE AND MODERNIZATION; ALSO THE CONTINUED HORIZONTAL INTEGRATION POLICY OF NAVY AND NAVAL RESERVE.

OUR COMMITMENT WILL COVER THE FOLLWOING ITEMS:

(1) RESERVE PERSONNEL
    STRENGTH
    INCENTIVES
    COMPENSATION
(2) ANTI SUBMARINE WARFARE
    P3C PROCUREMENT
    TACTAS FOR NRF FRIGATES
    SH2 LAMPS MK1 PROCUREMENT AND IMPROVEMENT

(3) COMBAT SEARCH AND RESCUE

(4) BEQS

NAVAL RESERVE STRENGTH

WE FULLY SUPPORT THE ADMINISTRATION'S FY87 REQUEST OF 127,328 SELECTED RESERVE END STRENGTH AND 23,197 FULL TIME SUPPORT. THESE INCREASES REFLECT CONTINUED EXPANSION TOWARD FULL NAMMOS REQUIREMENTS FOR NRF SHIPS, SHORE INTERMEDIATE MAINTENANCE ACTIVITIES (SIMAS), RESERVE FORCE SQUADRONS (RESFORON) AND AIRCRAFT INTERMEDIATE MAINTENANCE DEPARTMENT (AIMD).

RECRUITING/RETENTION INCENTIVES

IN ORDER TO RECRUIT AND SUSTAIN THE MANPOWER REQUIREMENTS OF THE NAVAL RESERVE, RECRUITING/RETENTION INCENTIVES MUST BE APPLIED. BONUSES AND INCENTIVE PROGRAMS ARE VALUABLE TO THIS EFFORT AND MUST BE CONSTANTLY REVIEWED AND ADJUSTED TO MAXIMIZE THEIR EFFECT. THE NAVAL ENLISTED RESERVE ASSOCIATION STRONGLY RECOMMENDS APPROVAL AND FUNDING FOR THE FOLLOWING PROGRAMS:

(a) UNIT INCENTIVE PAY FOR HIGH PRIORITY UNITS

THESE UNITS PERFORM LONGER TRAINING PERIODS OF RELATIVELY ARDOUS DUTY. INCENTIVE PAY WOULD REDUCE THE HIGH TURNOVER RATE OF PERSONNEL (IE NRF SHIPS).

(b) SELECTED REENLISTMENT BONUS FOR TARS

EXISTING LAW LIMITS SRB AUTHORITY ONLY TO "REGULAR COMPONENTS". ENLISTED TARS SERVE SIDE BY SIDE WITH THEIR ACTIVE DUTY COUNTERPARTS AT SEA ON NRF SHIPS. HOWEVER, THE ENLISTED TAR DOES NOT HAVE THE SAME OPPORTUNITY FOR SRB IN CRITICAL SKILLS AS THE REGULAR.

(c) ENHANCED SELRES BONUS PROGRAM

THIS PROGRAM IS NEEDED TO ATTRACT PRIOR SERVICE PERSONNEL THAT ARE BEYOND THEIR MINIMUM SERVICE OBLIGATION WITH FLEET EXPERIENCE. THESE AFFILIATIONS WILL INCREASE READINESS AND REDUCE CRITICAL SKILL SHORTAGES.

COMPENSATION

THIS SUBJECT CONCERNS A GROUP OF RESERVISTS WHO HAVE COMPLETED 20 YEARS OF QUALIFYING SERVICE BUT WHO HAVE NOT YET REACHED AGE 60 AT WHICH TIME THEY

WOULD BE ELIGIBLE TO DRAW RETIRED PAY. THESE INDIVIDUALS ARE IN AN AMORPHOUS SITUATION WHEN IT COMES TO RETIREMENT BENEFITS. THEY HAVE SERVED THEIR COUNTRY WITH HONOR BUT WILL NOT DRAW A PEYY'S WORTH OF RETIREMENT COMPENSATION UNTIL THEY REACH AGE 60. DURING THE PERIOD BETWEEN THE TIME WHEN THIS GROUP RETIRES WITHOUT PAY AFTER THEIR QUALIFYING SERVICE AND WHEN THEY REACH AGE 60 THEY ARE NOT ELIGIBLE TO SHOP AT EITHER THE EXCHANGES OR THE COMMISSARIES. THE PRECEPTION AMONG THE RESERVISTS IS THAT THEY ARE SECOND CLASS CITIZENS - A GROUP OF FORGOTTEN PATRIOTS. WE DON'T BELIEVE THE ACTIVE FORCE WOULD OR SHOULD BEGRUDGE THESE INDIVIDUALS THE PRIVILEGE OF USING THE EXCHANGE AND COMMISSARY FACILITIES. TOTAL FORCE HAS TO BE MEANINGFUL ACROSS THE SPECTRUM OF PRIVILEGES AS WELL AS RESPONSIBILITIES IF IT IS TO MEAN WHAT THE TERM CONNOTES. WE DO NOT BELIEVE THAT THERE WOULD BE ANY ONSLAUGHT OF ADDITIONAL ACTIVITY AT THE EXCHANGE OR COMMISSARIES.

PROCUREMENT P-3C PROGRAM

THE P-3C IS A PRIMARY ASW SYSTEM. ACCORDINGLY, THE P-3C RATE OF PROCUREMENT IS ESSENTIAL TO MAINTAIN THE FORCE LEVEL AND THE OPERATIONAL EFFECTIVENESS OF OUR ACTIVE AND RESERVE FORCES. OUR CONCERN IS THE SHORTAGE OF P-3C AIRCRAFT FOR THE MID 90'S. UNLESS ADDRESSED NOW, IT WILL RESULT IN THE LOSS OF 50% OF THE RESERVE SQUADRONS BY 1995. NERA STRONGLY SUPPORTS FY87 BUDGET REQUESTS FOR PROCUREMENT OF NINE (9) P-3C AIRCRAFT. FUNDING FOR THE PROCUREMENT IS CRITICAL.

TACTICAL TOWED-ARRAY SONAR (TACTAS)

SINCE FY81, THE NAVAL ENLISTED RESERVE ASSOCIATION HAS CONSISTENTLY SUPPORTED MODERN, UPDATED SURFACE SHIPS FOR THE NRF. IN FY87, TRANSFER OF 3 FFG-7'S AND TWO 1052'S TO THE NAVAL RESERVE. THIS WILL INCREASE THE INVENTORY OF 12 FFG-7'S AND SEVEN 1052 FRIGATES. A REVIEW OF THE TACTAS INSTALLATION SCHEDULE REVEALS ONLY 2 FRIGATES WILL BE EQUIPPED WITH TOWED-ARRAY SENSOR SYSTEMS IN FY87. THIS NUMBER INCREASES GRADUALLY UNTIL FY90, WHEN FOUR 1052'S AND 7 FFG-7'S WILL RECEIVE THE CRITICAL ASW SENSOR SYSTEM. OVER 50% OF THE NRF FRIGATES WILL NOT HAVE ANY TOWED-ARRAY SYSTEM INSTALLED. NERA RECOMMENDS CONTINUOUS FUNDING FOR THIS CRITICAL MODERNIZATION PROGRAM.

SH-2 LAMPS MK-1 PROCUREMENT AND IMPROVEMENT PROGRAM

THE SH-2 LAMPS MK1 HELICOPTER IS A VITAL ASSET TO THE ASW CAPABILITY AND EFFECTIVENESS.

THE FFG-7 FRIGATES HAVE BEEN DESIGNED TO ACCOMODATE TWO SH-2 LAMPS MK1 HELICOPTERS. NERA DISAGREES WITH NAVY'S PLANS TO PROVIDE ONLY ONE (1) HELICOPTER PER SHIP. THE NAVAL ENLISTED RESERVE ASSOCIATION STRONGLY SUPPORTS THE CONTINUED PROCUREMENT OF SH-2'S TO PROVIDE 2 SH-2'S FOR EACH RESERVE FORCE FFG-7'S. EIGHTEEN ADDITIONAL AIRCRAFT IS REQUIRED. WE ALSO REQUEST FUNDING TO INITIATE THE SH-2 WEAPON SYSTEM IMPROVEMENT PROGRAM FOR ALL CURRENT SH2'S.

COMBAT SEARCH AND RESCUE (CSAR)

IN FY85, CONGRESS ADDED $12M TO THE NAVY PROCUREMENT BUDGET AND ANOTHER $25M IN FY86 TO ALLEVIATE THE DEFICIENCIES IN THE NAVY'S COMBAT SEARCH AND RESCUE (CSAR) AND SPECIAL WARFARE SUPPORT CAPABILITY. FY87 BUDGET CONTAINS NO FUNDING REQUEST FOR CSAR. THE NAVAL RESERVE FORCE, WHICH SUPPORTS THESE MISSIONS, CONSISTS OF 1 HC SQUADRON EQUIPPED WITH HH-3A AIRCRAFT WITH COMBAT SEARCH AND RESCUE AS A PRIME MISSION. TWO (2) OTHER SQUADRONS (HAL-4 AND HAL-5) ARE EQUIPPED WITH HH-1K GUNSHIP HELICOPTERS TO SUPPORT THE SPECIAL WARFARE MISSION. INADEQUACIES OF BOTH AIRCRAFT HAVE LONG BEEN RECOGNIZED. IN FY85, THE NAVAL RESERVE ASSOCIATION PROPOSED A LOW COST PROCUREMENT OF UH-60 BLACKHAWKS THAT WOULD BE A BETTER AND MUCH MORE COST-EFFECTIVE INITIATIVE. CONGRESS AGREED, AND PROVIDED PROCUREMENT FUNDING. TO DATE, NO AIRCRAFT HAVE BEEN PROCURED.DUE TO THE NRA EXPERTISE IN CSAR AREA, NERA FULLY SUPPORTS THE NAVAL RESERVE ASSOCIATION RECOMMENDATIONS FOR THE CSAR PROGRAM.

BEQ'S

A PRIME CONCERN OF THE NAVAL ENLISTED RESERVE ASSOCIATION IS THE INADEQUATE, ANTIQUATED, WOODEN WORLD WAR II BARRACKS. ONLY ONE (1) BEQ WAS REQUESTED IN FY86 AND NO BEQ PROJECTS FOR FY87. ENLISTED RESERVISTS ARE DEDICATED, TRAINED INDIVIDUALS WITH A HIGH LEVEL OF EXPERTISE AND SHOULD NOT BE TREATED AS SECOND CLASS CITIZENS WHEN IT COMES TO BERTHING. THE NAVAL ENLISTED RESERVE ASSOCIATION RECOMMENDS FUNDING BE ADDED TO THE FY87 MCNR FUNDING OF 12.2M FOR CONSTRUCTION

OF BEQ'S AT NAS SOUTH WEYMOUTH, NAS GLENVIEW AND THE NAVAL SUPPORT ACTIVITY, NEW ORLEANS.

MR. CHAIRMAN, THIS COMPLETES OUR STATEMENT. IF THERE ARE ANY QUESTIONS, WE WOULD BE PLEASED TO PROVIDE ANSWERS FOR THE COMMITTEE.

SUBCOMMITTEE RECESS

Senator STEVENS. We thank you very much, Chief.

I think we have generally been in accord with the recommendations of your association.

I do not have any questions.

The subcommittee stands in recess until 10 o'clock tomorrow morning.

[Whereupon, at 11:20 a.m., Thursday, May 1, the subcommittee was recessed, to reconvene at 10 a.m., Friday, May 2, 1986.]

MATERIAL SUBMITTED SUBSEQUENT TO CONCLUSION OF HEARING

(CLERK'S NOTE: The following prepared statements were received subsequent to the hearing, and are printed in the record at this point:)

U.S. Council for an Open World Economy
INCORPORATED
7216 Stafford Road, Alexandria, Virginia 22307
(703) 765-2472

Statement submitted by David J. Steinberg, President, U.S. Council for an Open World Economy, to the Senate Subcommittee on Defense Appropriations in hearings on defense appropriations for FY 1987
May 12, 1986

(The U.S. Council for an Open World Economy is a private, non-profit organization engaged in research and public education on the merits and problems of developing an open international economic system in the overall national interest. The Council does not act on behalf of any "special interest".)

Once again, as I have for many years but to no avail, I propose reassessment and overhaul of the Buy American strictures affecting defense procurement. I urge evaluation of (a) how and how effectively they serve the national interest and the real needs of the industries that benefit from these subsidies, (b) how Buy American requirements on specific products can be justified in the light of other measures being taken to help the particular industries, (c) the cost of these requirements (however rough the estimates) in financial and other terms (including extraordinary inventory and other costs that may be incurred by U.S. companies producing for both military and civilian contracts), and (d) the pattern of Buy American rules (to the extent they are advisable) that would best serve the national interest and the defense interest per se -- correcting the hodgepodge of "macro" Buy American subsidies (affecting all forms of defense procurement) and "micro" Buy American subsidies (more-restrictive rules on specific products from textiles to tools, from food to flatware). To the extent that Buy American requirements in defense procurement are advisable and defensible, they should be integrated into coherent, systematically reviewed, industry-adjustment strategies as the framework for whatever assistance the government deems necessary for the industries concerned.

The aims of this policy overhaul would include the most effective use of financial resources (thus helping to reduce the government's massive budget deficit), combatting inflation, helping many U.S. industries to operate more efficiently (through freedom to obtain and handle component materials most economically), and making certain that Buy American aid to specific industries (if justifiable at all) is a carefully reasoned component of balanced efforts to address the real problems of these industries. We should want to make sure that Buy American subsidies and "entitlements" are as well-structured as possible and last no longer than necessary. There is need to get a handle on an aspect of the defense budget that for too long has escaped rational, responsible concern by both the executive branches of government, and most everyone else.

In advocating persistent pruning of the thicket of Buy American strictures (or, in a different metaphor, culling this herd of sacred cows), I am not motivated by purist, ideological devotion to a free-trade ideal that has no place for buy-national practices in government procurement. My concern, rather, is the need to limit Buy American regulations to carefully designed, systematically re-evaluated requirements whose benefits to the national interest are deemed worth the cost.

To the extent that the industries needing this form of government help are essential to national security, remedial recourse just to this or other forms of import control is badly conceived attention to the mobilization base, besides being bad economics and shabby politics. To the extent that any of these industries cannot survive without import barriers of some kind (integrated, I urge, into coherent adjustment and redevelopment strategies), the American people have a right to know -- and the government itself ought to know -- how, and how effectively, these import restrictions are helping to cure whatever problems warrant such government aid, and at what cost to the taxpayers (if such an estimate can be calculated -- however roughly -- without unreasonable expense).

Easy recourse to import restrictions (Buy American requirements are among the easiest) tends to divert attention from the tougher, more responsible task of carefully diagnosing the real problems of industries that may need and merit government help. It is policy laziness we can no longer afford, involving costs (financial and otherwise) that get higher as the years pass and as the need for policy perfection grows more urgent. The huge proportions of the defense budget, particularly at a time of monumental budget deficits that must be reduced substantially, make these reforms all the more necessary.

Plan Now for FY 1988

I am not asking for outright termination of the defense-related Buy American requirements this year or in the very near future. Nor would I advocate their termination at any time just on the basis of ideological belief in allowing market forces full sway. I am not unmindful of political realities, policy practicalities and the possibility that government assistance, including Buy American rules in some measure, may be needed to facilitate industrial-adjustment strategies in the total public interest. Moreover, to remove these Buy American regulations abruptly, without adequate notice in the interest of orderly adjustment, would not be in the national interest.

What I do urge at this time is that, in preparation for Fiscal 1988 defense appropriations, Congress this year ask the President to reassess the Buy American requirements affecting defense procurement and report to Congress in late 1986 or early 1987 on (a) the full scope of these requirements, (b) the extent to which they serve the national interest and the real needs of industries that benefit from these regulations, (c) other steps being taken or that should be taken to strengthen these industries within the framework of coherent industry-redevelopment strategies, (d) the cost of these Buy American strictures in financial and other terms, and (e) the pattern of Buy American rules (macro and micro), to the extent they are advisable at all, that would best serve the total national interest and the defense interest per se. As an alternative to requesting such assessments from the President, Congress should consider asking the Office of Management and Budget or the General Accounting Office to produce the analysis I have proposed.

Last year's Department of Defense authorization act contained a Congressional amendment directing the Secretary of Defense to report to Congress every year on the state of the U.S. textile and apparel industries, with particular reference to their ability to meet the nation's mobilization needs in these essential products. The defense readiness of these industries (a subject on which the Congress and the Administration need to be well-informed) is only one area of textile/apparel evaluation that needs systematic attention, even for national-security purposes alone. The whole structure of government aid to this industrial sector needs systematic re-evaluation, and not just the textile and apparel industries alone. Even in textile/apparel terms alone, this amendment to the FY 1986 authorization bill does not constitute an effort to make certain that the problems and needs of this major industry are being properly and adequately addressed, to the extent that aid at public expense is justifiable at all.

If this industrial sector needs and deserves government help, the assistance should be provided through a well-defined textile/apparel policy -- something we have never had in all the years of import-control assistance for this industry, and something for which no example in industry-adjustment strategy exists for any other U.S. industry.

The Buy American reassessment I propose would go far to correct these policy deficiencies in both national-security and overall economic policy.

National Military Family Association, Inc.

STATEMENT OF

MARGARET VINSON HALLGREN

DIRECTOR OF LEGISLATIVE AFFAIRS

The National Military Family Association (NMFA) is a volunteer, non-profit organization composed of members from the seven uniformed services, Active Duty, Guard and Reserve and Retired, and their family members and survivors. NMFA is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies which will improve the lives of those family members.

Today, the military family is in trouble once more. The pendulum is starting to swing away from the enhancement of the quality of life that was necessary to bring the military out of the depths of the late 1970s. There is complete agreement now on the high quality of the current military force. Military spouses, also, are educated, thoughtful and questioning.

In no way do we underestimate the motivation to serve this country. Also, service members and their families enjoy the way of life to a large degree; they appreciate the opportunities it offers them and that feeling of belonging to the larger family: the military community.

Warning signals are present, however. Retention of careerists at the mid-career point is not assured. Pay comparability has slipped and now is 8.3% behind the civilian sector. Policemen and firemen will earn approximately 20% more than a comparable military member over a lifetime. The basic pay of a 1st Lieutenant with two to three years service is less than that of the entry level police officer or teacher in the three Northern Virginia county/city jurisdictions.

With some exceptions, other ingredients of the total compensation package are also slipping in value. Some benefits have actually eroded already. Medical care for dependents and retirees too often is not available or affordable. The new Survivor Benefit Plan enacted last year is less favorable at some levels. Loss of the Cost of Living Adjustment in FY 86 represented inequitable treatment of Survivor Benefit Plan widows and of military retirees.

Other benefits are perceived as eroding, and perceptions today assume almost as much importance as the realities. Commissaries are constantly under attack, Permanent Change of Station reimbursement improvements are altered, and budget cuts impose additional hardships in the PCS area, to name a few.

One non-benefit of particular concern to military families is the lack of dental care or of dental insurance coverage which is available to federal government civilians and in the private sector.

Another distinct threat is the possible loss of the tax advantage of the mortgage interest deduction for military homeowners, which we will refer to later in this statement.

We, in the military family, recognize the economic crisis caused by the enormous federal deficit and we are willing to accept a fair share of the solution. However, if the burdens outweigh the benefits, especially in a time when the economy is thriving, too many good service members will opt out. Senior officers and senior non-commissioned officers - our top leaders - are, for the most part, able to cope, although their compensation is far from commensurate with that of their civilian counterparts. It is the mid-level officers and enlisted members, generally, who are having the greatest difficulty, and it is they who must provide the future leadership.

We are pleased to come before this committee on behalf of military families and in support of the quality military force to which these families belong, to state some of the problems that can be alleviated by appropriations.

DEPENDENT DENTAL CARE PROGRAM

Military family members are not covered by any dental plan, although:

- o 100% of other federal employees are offered dental coverage,
- o 100% of auto, steel, telephone and railroad workers have group dental coverage,
- o 90% of "Fortune 500" company employees have dental coverage.

The space available dental care in military facilities that was opened to family members on 1 July 1985 cannot meet the demands in most CONUS facilities.

Surveys continue to show that lack of even routine dental care is a top priority problem. Service members whose families require orthodontic or other costly procedures face an extreme hardship which often can be a factor in their decision to stay in the service or leave it. We advocate future extension of a dental insurance plan to such other dental procedures, as are offered to other federal civilian and private sector employees.

The program managers who are preparing the cost-sharing dental program for active duty families authorized in the FY 86 Defense Authoriztion Act are optimistic about its costs, to the government as well as to the service member. The FY 87 DoD Budget request is much less than had been anticipated, because the program would start well into the fiscal year.

NMFA considers it absolutely vital to appropriate FY 87 funds to start the dependents' dental insurance program.

MEDICAL CARE

Cost figues for the CHAMPUS Reform Initiative DoD is working on are not yet available, and the DoD proposals are not firm. This "initiative" may not be a totally satisfactory or long-range solution to the enormous problems in the current system of health care delivery to the military community.

Of major concern to our military families is the difficulty of access to military facilities and the cost and deficiencies of CHAMPUS. Proper and affordable medical care is essential. NMFA is working with staff at DoD and both Armed Services Committees in trying to devise a truly viable alternative that will benefit all beneficiaries as well as the combat readiness of the military medical force.

While we cannot be specific at this time on dollar figures, we hope this committee will examine any request carefully and will not make medical care an area for budget cutting.

PERMANENT CHANGE OF STATION

Military families were encouraged by the initiatives to improve Permanent Change of Station (PCS) reimbursements authorized for FY 86, even though there was no additional funding specifically for most of these improvements. (We applaud the FY 86 funding for junior enlisted families' travel expenses and increased weight allowances.) Now we find some benefits eroding, and only in part because of Gramm-Rudman-Hollings.

The Appropriations Committees and the Congress finally gave the authority in 1985 for the Temporary Lodging Expense (TLE) entitlement for CONUS moves, which had been authorized several years before. In its 1986 PCS Report to Congress, DoD now is recommending that this entitlement be diminished, by computing it on the same basis as the overseas Temporary Lodging Allowance (TLA), despite the fact that TLA is available for sixty days and the TLE for only four days.

Inadequate allowances require military families to incur large out-of-pocket costs. DoD statistics have shown that 56% of military families need to borrow money or use savings for PCS moves, which occur every two and a half to three years, on average. Debt is a continual problem for many.

NMFA requests funding in FY 87 for the double, two-months BAQ, dislocation allowance that was authorized in the FY 86 Authorization Act.

NMFA also strongly endorses the DoD FY 87 request for funds to change the Household Goods weight allowances for service members with dependents. Weight standards have not increased in twenty years, and the DoD Study found that at least 14% of the force ship household goods in excess of their allowance. A realistic adjustment of the weight limits would not eliminate all out-of-pocket costs, but it would go far toward reducing them.

EXTENSION OF OVERSEAS STUDENT TRAVEL PROGRAM

An inequity is faced by student family members of military personnel stationed in Alaska and Hawaii, for whom there still is no funded travel.

These students may already be in college before their sponsor's assignment to Alaska or Hawaii. If they transfer to schools in Alaska or Hawaii, they may lose college credits and/or lose their sources of financial aid, such as state grants or athletic or other scholarships. They must use limited space available travel or pay regular commercial air fares to and from their schools in the other forty-eight states.

Many academic majors are not offered in Alaskan and Hawaiian colleges; NMFA can provide a list of them upon request.

Furthermore, Hawaiian schools limit non-resident admissions to 20% of the total enrollment, thus denying admission to many otherwise qualified military family member students.

NMFA requests funding for the expansion of the overseas student travel program to include members stationed in Alaska and Hawaii, as requested in the FY 87 DoD Budget.

IRS RULING 83-3

Although application of Internal Revenue Service Ruling 83-3 to the military or exemption of the military from it is not, at this time, an issue for the Appropriations Committee, it is of utmost importance to military families. If the deduction for mortgage interest and real estate taxes should be eliminated for the military homeowner, either by decision of the IRS to apply the ruling after 1 January 1987 or by failure of a tax reform package, this would become a matter of concern to the appropriations committees of the Congress. Tax advantages now are an integral part of military compensation. Increased pay certainly would be required to offset the effect of the resulting 3% to 5% pay cut for 300,000 military homeowners. The need for base housing would increase, also, involving large appropriations.

COST OF LIVING ADJUSTMENT

In 1963, Federal Statute PL 88-132 provided that Cost of Living Adjustment (COLA) increases to military retired pay would not require further Congressional sanction for the increase to take effect on time. House Armed Services Committee Prints since that time have stated guarantees that the military retiree would be protected against erosion of his pay by by Consumer Price Index increases.

Gramm-Rudman-Hollings did, in fact, deny the COLA for FY 86 to military and federal civilian retirees and their survivors, while it provided a COLA for Social Security recipients and for "veterans". This is truly inequitable.

There are approximately 1.4 million military retirees who are veterans, too.

A large majority of the veterans registered with and paid by the Veterans Administration - and receiving their COLA - are not disabled to the extent of being unemployable.

More than half of military retirees receive less than $10,000 in retired pay annually; their COLA was suspended. Three quarters of military retirees are enlisted; only 5% are Colonels/Captains or above about whose "lavish" retirement the media, especially, is so critical.

The broken commitment to Survivor Benefit Plan participants is an even more glaring inequity. Retirees who enroll in the Survivor Benefit Plan thereby elect a significant reduction in retired pay to ensure the annuity for their survivors with the expectation of guaranteed inflation protection. That protection has made SBP a superior alternative to commercial insurance.

At present, more than 104,000 survivors are receiving SBP annuities, and their average monthly payment is $463. A relatively small COLA is a big help to those receiving so little. The promised, denied COLA for FY 86 would have cost the government only $13.1M.

The refusal of Congress and the Administration to honor its COLA commitment is perceived as a breach of faith with the service member. If allowed to run its course during the five year period of Gramm-Rudman-Hollings, the purchasing power of military retirees and their survivors will erode by about 22%.

Indications are that the COLA for all retirees will be included in the FY 87 Budget Resolutions of both houses of Congress.

NMFA urgently requests complete restoral of the COLA on military retirement pay in FY 87.

FAMILY PROGRAMS

NMFA supports full appropriation for the Operation and Maintenance accounts that provide for family service and support centers. It is essential to continue and expand their many programs that are so vital to families, such as family member employment, youth services and relocation assistance. Child care centers also must be fully protected.

IMPACT AID

PL 81-874 (30 September 1950), commonly referred to as Impact Aid, provides for compensation to local public school districts for losses in tax revenues due to the presence of military activities. Since 1950, the program has expanded to include students other than military dependents.

Category "B" Impact Aid funds support the public education of approximately 318,000 military dependents whose parents reside or work on federal property. These dependents comprise only 14.8% of students eligible for category "B" Impact Aid funds. Over the years, funds for category "B" have been drastically reduced so that in 1985, only $23 per pupil was paid towards a national per pupil average cost of $3086.

NMFA urges full appropriation of category "B" Impact Aid funds for military dependents. This should not be at the expense of payments for category "A" students,

Taxes that support local schools, although varying from state to state and district to district, come from a number of sources:

1. Residential taxes from homes with children
2. Residential taxes from homes without children
3. Property taxes from business and industry
4. Sales taxes
5. Income taxes
6. Licenses and fees
7. Personal property taxes

The Soldiers and Sailors Civil Relief Act of 1940 enables the service member to avoid undue taxation (income, licenses, personal property) as a result of his or her military duty. While military personnel living in the community do pay real estate taxes in the form of a house payment or rent, local revenue is often denied from the other sources.

Many States are at a serious tax disadvantage. For example, 95,000 military personnel are stationed in North Carolina and use North Carolina schools, but North Carolina collects income taxes from only 55,000 military personnel stationed worldwide who claim North Carolina as the domiciliary state.

The Soldiers and Sailors Civil Relief Act also applies to the payment of personal property taxes levied by State and local governments. For example, the Bellvue School District surrounding Offut AFB, Nebraska, (in which 65% of the students are federally connected), lost $6 million in 1985 because military personnel do not pay vehicle ownership fees. In Clarksville-Montgomery County, surrounding Ft. Campbell, Kentucky, the school district lost $688,000 in property tax revenue, $787,500 in sales tax revenue, and $447,600 in vehicle revenue.

If category "B" Impact Aid funds are not appropriated for military dependents, many localities may be forced to raise taxes or cut back on educational services. This could put a strain on the relationship between military bases and their surrounding civilian communities.

NMFA urges Congress to return to the original intent of the Impact Aid Law, which is compensation to local communities in payment for public education of military dependents whose parents, because of their military service, are exempt from contributing their full share of the local tax burden.

In summary, cost cutting in military personnel accounts does provide up-front savings. Savings made at the expense of the service member and his family are short-sighted, however. Such savings, and a lack of faith in Congress' resolve to honor commitments (as with the COLA) undoubtedly will influence retention decisions. Replacement training costs and additional enticements for personnel to remain in service will result in higher defense costs in a future perhaps not too far distant.

We do not wish to see adverse factors combine to overcome the marvelous motivation to serve this country.

Beyond our apprehension about the retention of a quality military force, we are dedicated to the quality of life of each individual family member. NMFA hopes that the members of the Appropriations Committee share these concerns and will act on them when making budgetary decisions.

Thank you for this opportunity to testify on some of the problems facing the military family today.

National Federation of Federal Employees

NFFE

May 5, 1986

The Honorable Ted Stevens
Chairman, Subcommittee on Defense
Senate Committee on Appropriations
122 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Stevens:

I appreciate your interest in my testimony concerning new training requirements for National Guard civilian technicians. I am enclosing a copy of the letter which we sent to Major General Herbert R. Temple, Jr. of the Army National Guard regarding the Military Education Program training requirements and his response. Although Major Temple referred to the MEP issue, his response to the current problems it has caused for civilian technicians in unsatisfactory.

General Temple does not seem to recognize the hardship placed upon civilian technicians who have been prevented from enrolling in the alternate method due to the lack of available slots. In many National Guard installations, management failed to notify civilian technicians that additional training would be required and that the alternate method deadline is July 1, 1986. Furthermore, the slots for the alternate method were granted first to part-time weekend National Guardsmen, rather than to civilian technicians. If the civilian technicians are not permitted to enroll in the alternate method, they will be forced to undergo extremely expensive training which they have already received. If they do not receive training under the alternate method or the newly required costly method, they will have no military promotion potential. This directly affects their civilian employment, since civilian promotions are tied to their military grade. Just as importantly, taking these technicians away from their regular duties in order to receive training which they have already taken is certain to have an adverse impact on the mission. I urge you to ask General Temple to extend the deadline for enrolling in courses under the alternate method, or to reconsider the worthiness of the additional training for technicians.

In addition, we have been recently informed of a serious situation arising in the Air Force Systems Command which would result in the furlough of civilian employees due to Gramm-Rudman-Hollings budget cuts. The NFFE represents several hundred of these Federal employees at Air Force Bases across the country, and we are extremely concerned that 8600 civilians could be furloughed for up to 18 days during Fiscal Year 1986.

The civilian personnel employed by the Air Force Systems Command provide essential research and development work. For example, the employees of the Air Force Geophysics laboratory at Hanscom Air Force Base in Massachusetts are responsible for basic research associated with the Strategic Defense Initiative and the Air Force launch shuttle. Their work ranges from research on the neutral particle beam experiment to the SDI directed Energy Weapons Program. The proposed furlough of employees for such a long period of time could lead to significant delays in the schedule of such experiments and ultimately hamper military readiness.

If we are to preserve this nation's space and defense programs, we cannot afford to furlough the employees who work for them. I therefore urge you to appropriate additional funds or reprogram current funds to prevent the furlough of these employees.

I would appreciate your submitting these remarks into the record for the Fiscal Year 1987 Defense Appropriations hearings. Thank you for your consideration. If you have any questions, please do not hesitate to let me know.

Sincerely,
James M. Peirce
James M. Peirce
President

April 15, 1986

Major Gen. Herbert R. Temple, Jr.
Director
Army National Guard
Room 2E408
The Pentagon
Washington, DC 20310-2500

Dear General Temple:

The recent changes in the Military Education Program (MEP) requirements for National Guard Technicians are causing serious problems for many of our members. The problems arise, in part, from a lack of communication of the new requirements of the program, and also from unfairness inherent in the requirements.

The new MEP requirements are intended to require that technicians possess military skills and educational backgrounds comparable to their active Army counterparts. Unfortunately, conversion to the requirement of active Army training courses, without proper credit for skills developed in other training programs, will require technicians to retake many courses which they have successfully completed. In some cases, technicians are even being required to take courses which they are teaching at the state level.

The main cause of disruption is the July 1, 1986 deadline for technicians to enroll in the "alternate training method." This method allows technicians to meet MEP requirements for promotion by taking the RCNCOES course, the battle skills course and achieving MOS qualification. The prior training taken by the technicians would be credited towards MEP qualification. Unfortunately, the requirements for qualification and the availability of the alternate method were not communicated to technicians until very recently. At this point, there are simply not enough slots available in the battle skills course for technicians to qualify by July 1. If the technicians do not take this course, they will have to begin the regular Army MEP process from the beginning and will lose the benefit of the many state courses they have taken over the years.

It is not clear where the breakdown in communication occurred between you and the technicians. We believe, however, that there are still many technicians who do not know that their promotion possibilities will be significantly limited if they do not take these classes by July 1. For this reason, it is critical that you extend the deadline on the qualification through the alternate method for another year.

The disruption that would be caused by the large numbers of technicians attempting to take the long training required for regular Army qualification at the same time would impair operations at the Local level. These disruptions can be easily avoided.

NFFE is also concerned with the more basic unfairness involved in these changes. There is no justification for discriminating against technicians by requiring them to take regular Army training, while the other part-time members of the National Guard may take state courses.

I hope that we can work together to alleviate the many problems which have been caused by the implementation of these changes. I would very much like to meet with you to discuss these problems and to see if we can find some solutions.

Sincerely,

James M. Peirce
President

cc: Thomas Link, Chief, Office of Technician Personnel
Ed Remiszewski, Branch Chief, Military Education Branch

21 April 1986

Mr. James M. Peirce
President
National Federation of Federal Employees
1016 16th Street, NW
Washington, D.C. 20036

Dear Mr. Peirce:

Thank you for your letter of 15 April relative to Military Education Program (MEP) requirements for Army National Guard Military Technicians.

MEP is designed to insure that all AGR and Technician personnel possess the highest and most current standards of military professionalism that can be provided. Given the reliance upon the ARNG to meet accelerated and expanded national security responsibilities, to do otherwise is a disservice to our nation and its people and the part-time Guardsmen who make up the major part of our force.

The Battle Skills Course was created to provide the part-time Guardsman a comprehensive and time sensitive course to raise the battlefield survival skills of those NCOs who have not had such training since either Basic Training or AIT. The alternate method of meeting the MEP requirement was a one-time accommodation to those who had attended State leadership courses prior to the initiation of MEP. We never intended to make the alternate method a permanent alternative to attending AC courses. To do so would deny Battle Skills spaces and training to our part-time Guardsmen. That is unfair.

I would be pleased to discuss any matter with you. There are no problems with MEP--it will serve the nation and its soldiers well. There is no unfairness or discrimination--only a demand for professionalism among professionals.

Sincerely,

HERBERT R. TEMPLE, Jr.
Major General, GS
Director, Army National Guard

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1987

THURSDAY, JUNE 19, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:30 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Weicker, Andrews, D'Amato, Rudman, Cochran, Proxmire, Byrd, and Sasser.

DEPARTMENT OF DEFENSE

SECRETARY OF DEFENSE

STATEMENT OF HON. CASPAR W. WEINBERGER, SECRETARY OF DEFENSE

FISCAL YEAR 1987 BUDGET REVIEW

REVISED DEFENSE BUDGET

Senator STEVENS. Mr. Secretary, we are continuing the procedure we established 2 years ago by inviting the Secretary of Defense and the Chairman of the Joint Chiefs of Staff to appear before the subcommittee for a final examination of defense budget requirements. We feel this is a very useful way to discuss issues uncovered during our earlier hearings and review other changes which have occurred since the submission of the President's budget last February.

Again this year a great deal has happened since the budget submission. While the budget resolution has not been finalized, deep cuts in defense spending have been approved by both bodies. The budget authority cuts range from $19.3 billion in the Senate to more than $35 billion in the House. While these are significant amounts, this year the estimated outlay ceilings associated with these budget authority levels are of greater concern to this subcommittee.

We ended up in a horrendous battle with the Senate Armed Services Committee because of outlay problems last year. We are trying to avoid those. Only yesterday did we resolve those difficulties dealing with the 1986 spending authority for your Department.

BUDGET OUTLAY REDUCTION

The Senate resolution assumes a $14.7 billion outlay reduction with the $19.3 billion budget authority cut, and the House assumes a $20.7 billion outlay reduction with the $35 billion budget authority cut. To me, neither of these proposals is realistic. However, under Gramm-Rudman-Hollings legislation, the outlay target in the budget resolution is a ceiling which cannot be exceeded by our Senate budget bill and the appropriations acts that follow.

OPTIONS ON OUTLAY TARGETS

These unrealistic outlay targets leave the subcommittee two options.

The first is to focus the budget cuts on those areas which have high first-year outlays, primarily in personnel salaries and operations areas. Large reductions here require changes in force structure, pay cuts, and serious degradations in readiness.

Furthermore, not reducing investment programs merely delays the outlays until future years, increasing problems in fiscal year 1988 and beyond.

The second option is to meet the outlay target by cutting more budget authority than otherwise would be required to match the Senate budget resolution. This approach means even fewer overall resources will be available for defense than levels approved by the Congress.

They are not easily acceptable alternatives, Mr. Secretary, and if you have another option, or the Chairman of the Joint Chiefs of Staff has another option, we would like to hear it.

I do thank you for coming to appear with us today. I thank you for your courtesy in discussing the subject matter of this meeting today with me personally yesterday. I know you understand the problems that the subcommittee faces and I know you know we are not trying to confuse the defense budget picture by once again getting into the fight we got into last year.

I think that fight has proved to be one that was good for the defense of our country. All of the $6.3 billion that we were able to keep in the bill by virtue of the manner in which it was taken to the floor of the Senate and subsequently approved has now been earmarked for very high priority items—your retirement obligations for the Department of Defense, the increased pay obligations, $1.5 billion for the shuttle and CELV's.

HEARING PROCEDURE

We have, I think, a similar problem now facing us this year. I think members of the committee will have questions for you. We have checked this with the ranking member on our subcommittee and because we understand there will be some 10 to 15 members appearing here in the first hour, we have decided to limit questions of each Senator to 5 minutes until all members who show up have had an opportunity to direct questions at you, Mr. Secretary, and you, Admiral Crowe.

After that we will go back to the Senators again. So, I welcome your statement and I welcome you here, gentlemen. Thank you for being willing to go along with our procedure of asking you to come last rather than first.

Secretary WEINBERGER. Thank you very much, Mr. Chairman.

Senator STEVENS. Senator Andrews, do you have an opening statement?

Senator ANDREWS. I have no opening statement. I would like to hear from the Secretary.

Senator STEVENS. I will ask my good friend, do you have an opening statement to make today.

TIME LIMITATIONS IN QUESTIONING WITNESSES

Senator BYRD. Mr. Chairman, I have no opening statement.

I do not feel that a Senator can do the questioning process properly if he is limited to 5 minutes. If that is the limitation, then I do not think I will participate. I do not say that with any animus toward the chairman or the committee. That is probably the rule in this committee.

But there is no chance to follow up. There is no chance to follow the line of questioning. There is no chance to follow up on the answers. There is nothing to be gained by listening to what the witness says and his answers to the questions.

Senator STEVENS. My good friend from West Virginia has a different problem than most of us since he is one of the leaders and must be on the floor at all times. We have always recognized that problem. You will not be able to wait for the second round.

I say to my friend it is different from the other members that can come and go. We will be happy to extend to you two or three times the 5 minutes. It is not a question of the time factor. It is a question of fairness for people who come in and how long they have to wait.

We have found we get greater participation in the subcommittee by limiting the time each Senator takes on affairs such as this. I hope the Senator will understand why we are doing it.

Again, understanding you will have to go back to the floor, I will be glad to yield to you my time when we start off.

If we can go ahead and hear the Secretary and Admiral Crowe now, we will be happy to recognize the Senator from West Virginia immediately after that.

Senator BYRD. Could I say this, Mr. Chairman?

I have no quarrel with the rules if that is the way the subcommittee has to operate. The chairman and other members are very courteous and deferential in allowing me to proceed.

I do not want to proceed in that way. I do not want to take advantage of the other members and the chairman. I will take my turn when it comes, but I do not want to be limited to 5 minutes. I think the object in having witnesses before any committee is not only that we might be fair to every committee member, but also that when the member's turn comes he has an adequate length of time to elicit answers to his questions.

If he cannot do that, it seems to me that the whole purpose of having a hearing is not well served because to me the purpose of having this hearing is to find out what the Secretary's and Admiral Crowe's views are on this, that or something else. I cannot do that within 5 minutes.

I thank the chairman for deferring to me, but he does not need to do that. I will just smply wait until other members have had their chances to ask questions and when it is possible for me to ask questions for 15 or 20 or 30 minutes, whatever is necessary, then I will be glad to come back.

I say that with all due respect to the chairman.

Senator STEVENS. I understand.

Senator BYRD. And the members of the committee.

Senator STEVENS. We will proceed as the Senator wishes.

Mr. Secretary.

STATEMENT OF SECRETARY WEINBERGER

Secretary WEINBERGER. Thank you.

We appreciate greatly the opportunity to appear before you. I think the idea of appearing this late in the budget process is a very good one. We are grateful for the opportunity to be here and will, of course, try to respond to questions at whatever length you put them.

This is the sixth year, Mr. Chairman, that I have appeared before the Congress to present our administration's request for resources to try to ensure that the national security interests of the United States are protected. These are major responsibilities and they require that we present the amounts that we honestly believe, after careful investigation and consideration for over a year, are required for the coming fiscal year.

SUCCESSFUL REBUILDING OF DEFENSE POSTURE

During these previous 5 years the Congress and the administration have demonstrated that they share the common goal of rebuilding our defenses to reestablish the balance of military power necessary for secure deterrence. The product of that shared commitment, I think, has been extremely impressive.

Together, the Congress and the President have restored the national pride and the international respect for the United States. The quality of the men and women in the military today has never been higher. American forces around the world are ready to respond to aggression wherever it may occur. We are succeeding in getting better weapons deployed to our forces—more modern weapons and more effective weapons.

The political effects of all this shared commitment I think are also evident. Our resolve to resist aggression is better understood. Our alliance partnerships have been stronger and an unwilling Soviet Union has been forced back to the negotiating table in the grudging realization that it will not be allowed to achieve the military superiority over the United States and our allies that it seemed to be well on the way to achieving in 1981.

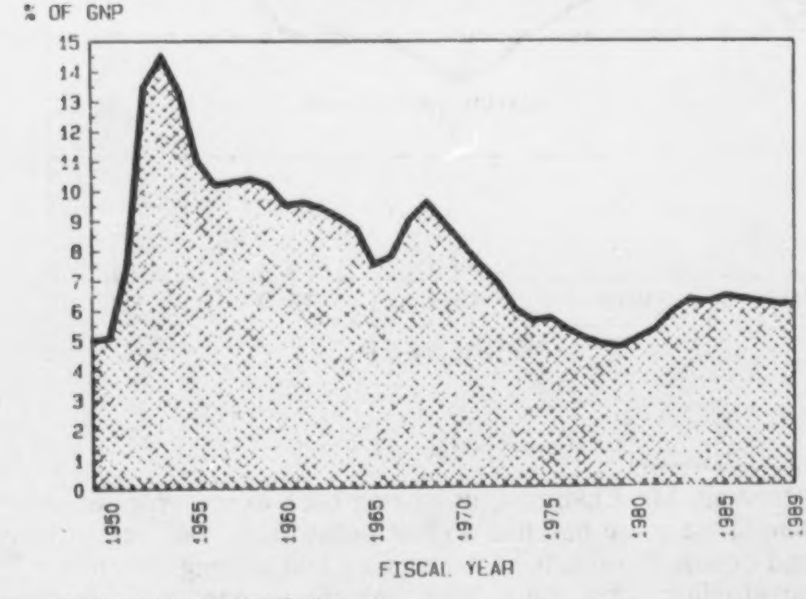
Further, the sequence of annual Soviet aggression against new targets which began in the mid-1970's with Angola—and culminated in the brazen invasion of Afghanistan—has ceased. Working together the President and the Congress have come far in reversing a decade of neglect, restoring the deterrent balance and updating our defense strategy and policy.

These are powerful and direct results of American resolve and commitment to bear the cost security requires. The responsibility to sutain these results lies before us as a continuing requirement. It is obvious that the fiscal year 1987 defense budget represents a critical phase in the continuation of our shared goals and responsibilities.

The real question is, will we maintain our goal of rebuilding U.S. defenses or will we fall back and see this effort falter? The administration remains committed to the sustained improvement of U.S. national security capabilities, secure in the knowledge that that is the way we can keep the peace and, at the moment, the only way we can keep the peace.

We do attach a very high priority to the Strategic Defense Initiative, which we think offers a better way to keep the peace than the mutual suicide pact the President refers to that we are forced into now by not having adequate defenses of that kind. But that goal is threatened as the Congress' commitment to the priority of national security wavers.

DEFENSE SPENDING AS A PERCENT OF GNP
National Defense Outlays in Current Dollars
(Years: 1949 - 1989)



Source: OMB FY1987 Historical Tables

CHART 1

BUDGET CHOICES

Our first chart attempts to place in historical perspective the budget choices that we face. It depicts two major points.

First, during the 1970's defense spending decreased by 20 percent in real terms. You see that graphically displayed and that, of course, left us with the hollow forces and the low morale that we inherited when we came in 1981. Because of lower appropriations since 1984, the level of real defense resources is still below that which would have been provided by a commitment in 1964 to keep even a modest 2-percent annual real growth.

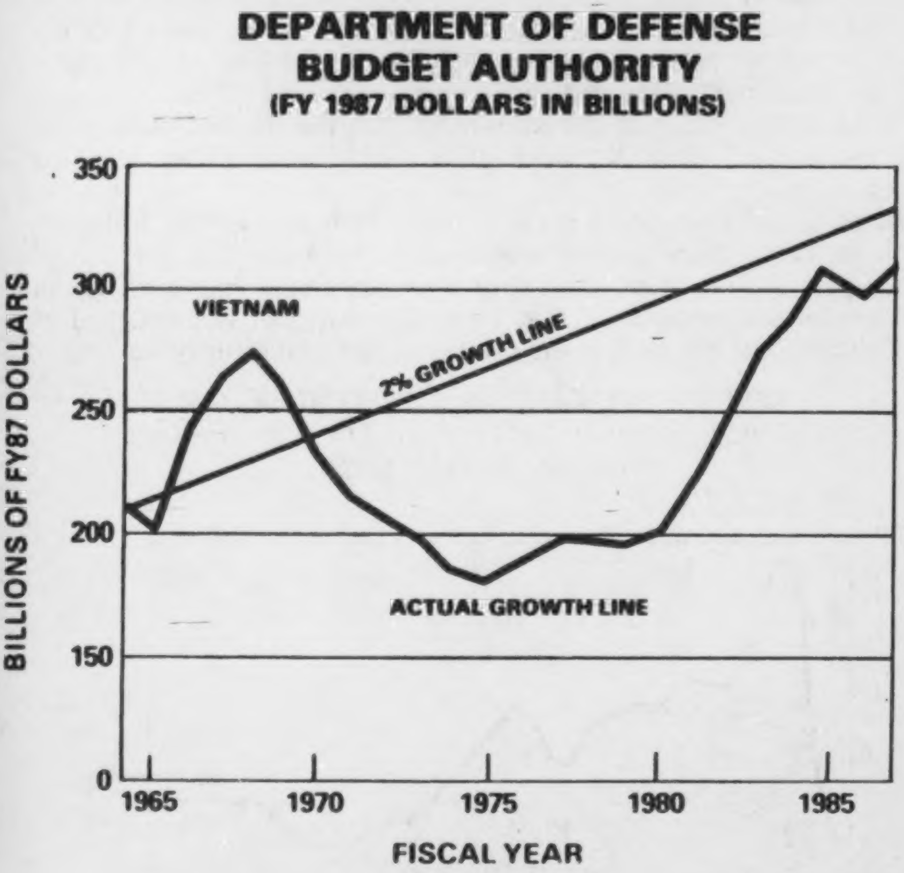


CHART 2

BUDGET AUTHORITY

It is interesting, Mr. Chairman, in looking back to see what we could have accomplished if we had had a clear policy from 1965 on, without the ups and downs, the spurts or the surging and starting, but just a 2-percent growth line. That would have brought us now, had we done that, in the same way compound interest accumulates——

Senator STEVENS. Pardon me, Mr. Secretary. I have been called to the floor. I will be back. I appreciate your understanding of that fact.

Senator Andrews, will you chair?

Secretary WEINBERGER. Would you like us to suspend?

Senator STEVENS. No; I will come back as soon as I am finished and Mr. Byrd will be recognized first.

Proceed.

SOVIET GAINS

Secretary WEINBERGER. It shows also that the very expensive program we have had to put in since 1981 has not restored us to the position we would have been in had we had a slow, steady increase from 1965 to 1985. A 20-year period of growth would have been a vital thing in keeping the resources that we need with the constant need for modernization.

Also, you have to bear in mind during this period the Soviets maintained that red line, but at a rate a little over 3 percent which gave them, of course, the advantages of steady growth and gave them the advantages over us that we found when we got here in 1981.

Unfortunately, after a long, steady increase from 1981 to this year, very severe cuts were put in this year. The outcome now is a 6.2-percent decline, which is the first time in 15 years there has been an absolute decline in the defense budget. This necessarily is a source of very considerable worry since the threat to us has not in any sense diminished.

We have to bear in mind that that risk is there and that when we go down as we did this year—when we have the reductions that have been made in the President's budget request for 1987 thus far in the process—it appears that there may well be a second year of real decline. That would again be a very serious thing and an adverse signal to send to the Soviet Union, where the increase remains steady at about 3 percent or 4 percent a year for the last 20 years. This puts them in the position they are in now.

We understand fully the worries about budget balancing and deficit reduction, but we have to bear in mind, Mr. Chairman, that the President's budget request this year was based on an attempt to fulfill the promise made to him that there would be zero growth in 1986 and then three and three. That brought us out at 311.6 for the defense budget and the reductions thus far that have gone in have been very substantial.

CONGRESSIONAL ACTIONS on FY 1986 DoD BUDGET

(CURRENT $ BILLIONS)

	BUDGET AUTHORITY	
	LEVEL	REDUCTION
President's Budget Request	313.7	
(0- 3-3 % growth compromise)	[294.5]	(-19.2)
Authorization Bill	294.5	-19.2
Continuing Appropriations	289.5	-5.0
SUB TOTAL		-24.2
PL 99-177	278.4	-11.0
TOTAL BUDGET AUTHORITY REDUCTION		-35.2
TOTAL OUTLAY REDUCTION		-19.1

CHART 3

HISTORY OF BUDGET REDUCTIONS

This chart represents the actual history of reductions in our fiscal year 1986 budget. As you will see, it has been a reduction of a very substantial amount that was imposed and brought us the first real drop in 15 years.

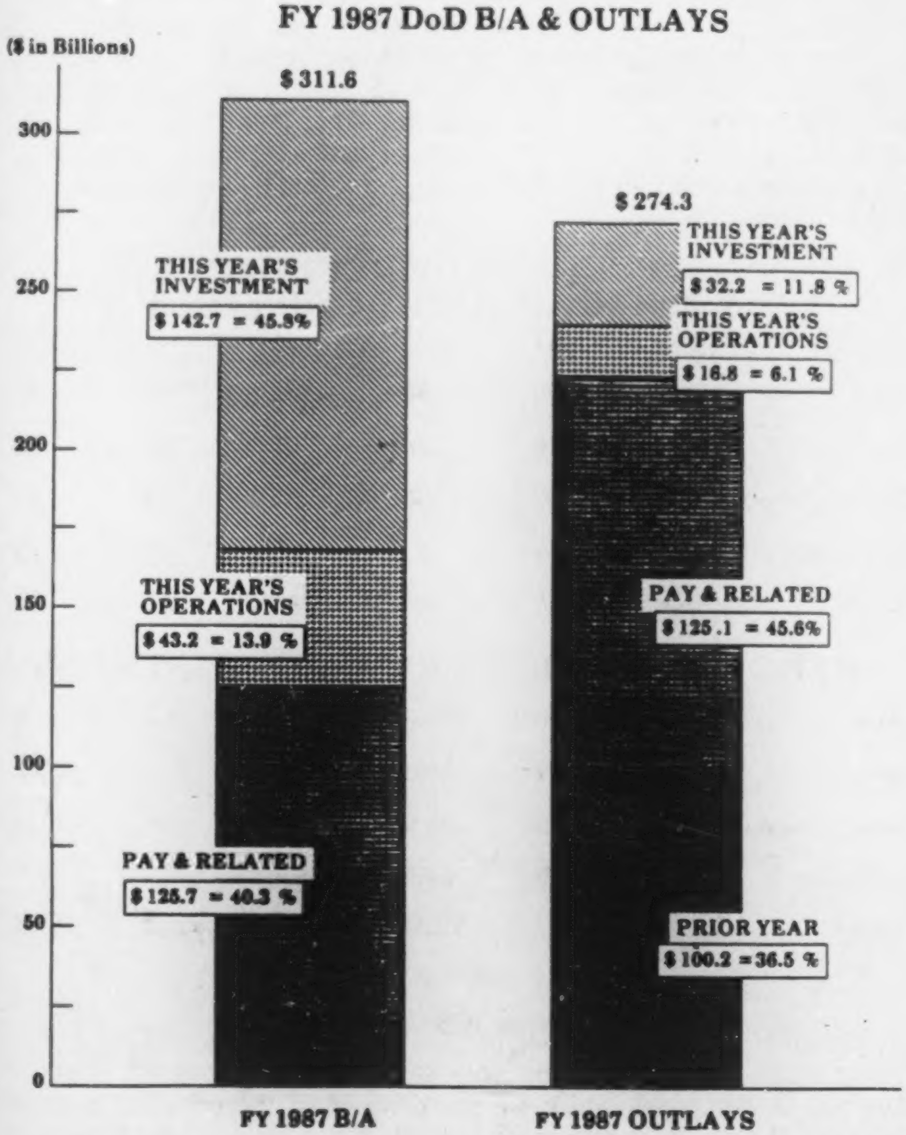


CHART 4

BUDGET MAKEUP

This chart shows the makeup of the budget. As you will see, the fiscal year 1987 budget authority is about 40 percent pay and related costs. Bear in mind, the Soviet figure is 9 percent for that aspect. This year's operations would be about 14 percent and this year's investment, as we try to recoup on R&D and acquisitions, run in the 45-percent range.

That is, in general, the makeup of the budget measured by budget authority and outlays. You will see that what we are spending comes, in part, from prior-year appropriations, which are coming in this year at 36 percent of the outlays. Pay is about 45 percent of the actual outlays— obviously pay outlays faster than any other item in the budget.

Our operations this year are 6 percent of outlays, and our investment from this year's authority for 1987 under the President's proposal would be 11 percent.

PERCENT OF RECRUITS WITH HIGH SCHOOL DIPLOMAS

Service	1980	1981	1982	1983	1984	1985
Army	54	80	86	88	91	91
Navy	75	76	79	91	93	89
Marine Corps	78	80	85	92	95	97
Air Force	83	88	94	98	99	99
Total	68	81	86	91	93	93

PERCENT OF FIRST TERM REENLISTMENTS

Army	50.6	55.0	58.6	45.3	43.8	43.1
Navy	36.7	41.7	50.3	55.7	58.0	54.5
Marine Corps	23.2	26.6	34.0	33.3	39.5	35.4
Air Force	35.8	42.9	56.9	65.8	61.9	53.9
Total	39.1	43.0	52.9	51.6	51.2	47.8

CHART 5

PERSONNEL IMPROVEMENTS

That chart demonstrates the very substantial improvement that we have had in personnel, which we think is one of the proudest parts of our story. We are now getting 93 percent of the recruits that have high school diplomas compared to 68 percent in 1980.

The reenlistments have held quite steady, over 50 percent in 1982, 3 and 4. There was a downturn in 1985, but I am pleased to be able to report to you that the first figures for 1986 show that this has been made up and the reenlistments are now again above 50 percent. That is a very important factor, because these are the people who have been trained, who are now ready for the most part to assume leadership positions in training new recruits.

They are in many ways people who are extremely valuable to the services, and the ability to retain 50 percent of them or more as opposed to 39 percent makes a major improvement.

ARMY MODERNIZATION

	On Hand FY 1980	On Hand FY 1985	FY 1986 & Prior Auth/Approp & soon to be delivered	FY 1987
Close Combat				
M-1 Tanks	34	3,021	1,988	840
Bradley Fighting Vehicles	-	1,937	1,735	870
Helicopters				
AH-64 Apache	-	45	408	144
UH-60 Blackhawk	-	682	93	78
Air Defense Missiles				
Patriot	-	612	1,529	700
Stinger	-	8,041	7,123	4,180
Artillery				
MLRS	-	232	116	44

CHART 6

ACQUIRE HARDWARE

Many people ask what we have obtained for the money? This is an attempt to show in terms of hardware what we have obtained and the last column is what we are asking in the 1987 budget. We went from 34 of the new tanks—which, incidentally, is the first time in 20 years we have had a tank that is superior to the Soviet tanks—we went from 34 of those to 3,000.

We already have in the pipeline another 2,000, and we are asking to hold steady at 840 in fiscal year 1987. Bear in mind that the Soviets get 3,000 a year of a very modern tank, and that they are continually modernizing even the T–80's now.

The helicopters show the same general story. We had none of the latest versions—the Apaches and Blackhawks—in 1980, and we went to 45 and 682 in 1985.

The air defense missiles, the Patriots and Stingers, have gone up very substantially, from zero in 1980. The multiple-launch system of artillery again has gone from zero in 1980 to 232 now. That is a weapon system which we developed in cooperation with our NATO allies and is being used in NATO as well as here. So, those inventories are making substantial gains.

NAVY/MARINE CORPS MODERNIZATION

	On Hand		FY 1986 & Prior Auth/Approp & soon to be delivered	FY 1987
	FY 1980	FY 1985		
Tactical Aircraft				
F-14A	322	430	65	15
F/A-18	-	234	252	120
AV-8B	-	32	107	42
P-3C	176	204	21	9
Ships				
SSN-688 Submarine	10	32	20	4
AEGIS Ships	-	3	17	5
Frigates	71	112	5	-
Battleship Reactivation	-	2	2	-
Trident Submarine	-	6	7	1
Strategic Missiles				
TRIDENT I	144	518	46	-
TRIDENT II	-	-	-	21
Tactical Missiles				
Sidewinder	4,510	5,899	3,482	627
Sparrow	2,236	2,753	3,442	1,716

CHART 7

NAVY/MARINE CORPS ACQUISITION

These are the comparable charts for the Marine Corps and the Navy. That shows again very small amounts on hand in 1980, very large numbers that have already been delivered, very large numbers still in the pipeline, and the requests that are there for 1987.

AIR FORCE MODERNIZATION

	On Hand		FY 1986 & Prior Auth/Approp & soon to be delivered	FY 1987
	FY 1980	FY 1985		
Tactical Fighters				
F-15	501	725	114	48
F-16	143	833	434	216
Strategic Aircraft				
B-1B	-	3	97	-
Mobility Aircraft				
KC-10	-	36	16	8
C-5B	-	-	29	21
Strategic Missiles				
PEACEKEEPER	-	-	54	21
ALCM-B	12	1,464	267	-
Nuclear/Tactical Missiles				
GLCM	-	196	288	76
Sparrow	8,192	10,302	2,712	379
Sidewinder	11,617	16,753	4,668	1,710

CHART 8

AIRCRAFT PROGRAM

Here is the similar chart for the Air Force, with the F–15's and F–16's, the B–1 program which is now complete with three on hand and 97 in the pipeline, along with the tankers and airlift aircraft to give us mobility. Our strategic nuclear missiles, the Peacekeeper and air-launched cruise missiles, as well as tactical missiles, are being delivered as we see here.

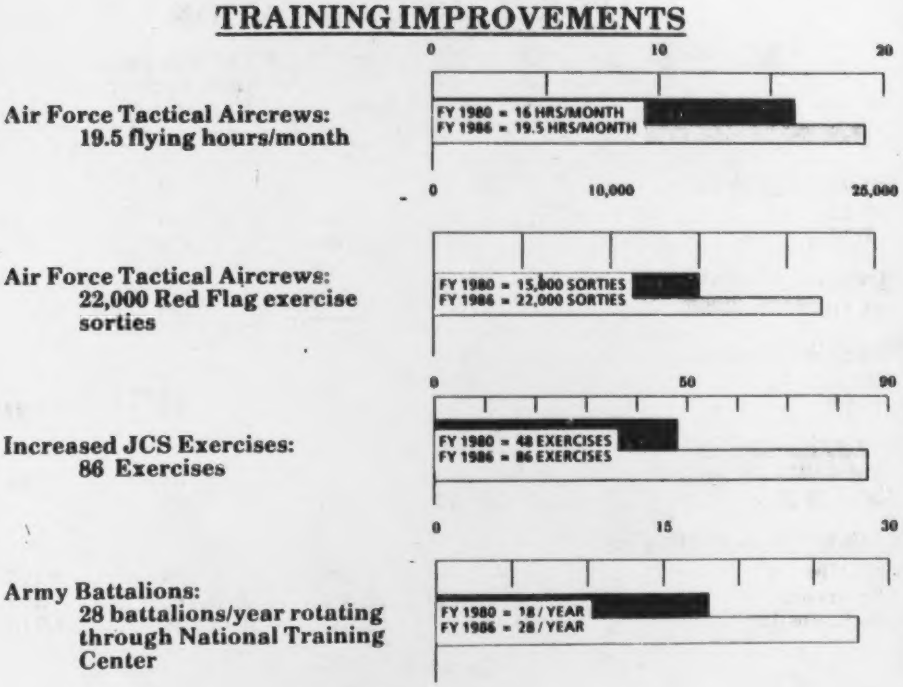


CHART 9

TRAINING IMPROVEMENTS

Training improvements are extraordinarily important as far as readiness is concerned. Again, this shows increased flying hours, the increased number of sorties against aggressor squadrons, increased Joint Chiefs exercises, and the substantial number of Army battalions, 28 a year, now rotating through the very capable and very fine center down in California, the National Training Center.

These qualitative improvements really help us make up to a considerable extent the quantitative advantage that the Warsaw Pact nations have, both in munitions, weapon systems, and in personnel.

PRODUCTION OF SELECTED WEAPONS for NATO and WARSAW PACT FORCES

(1975-1985)

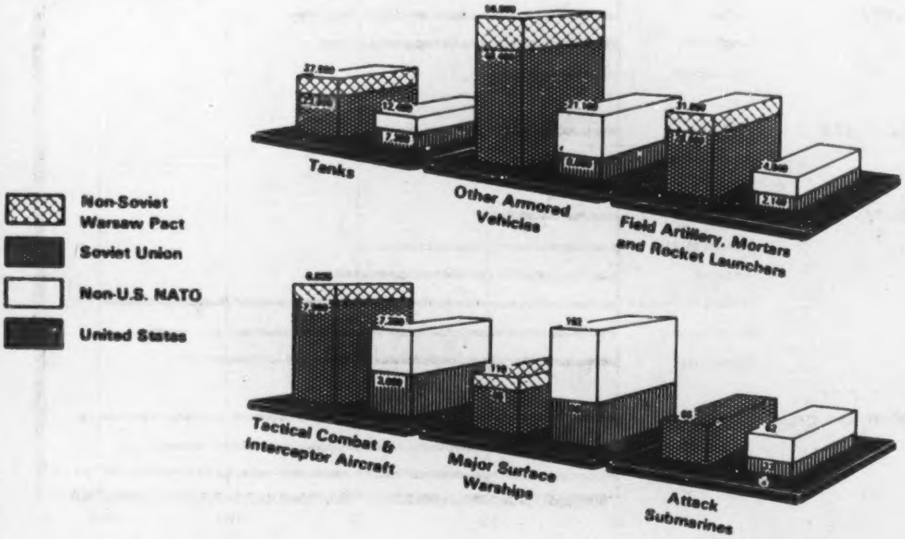


CHART 10

SELECTED WEAPONS

This chart shows selected weapons of NATO and Warsaw Pact forces measured against each other. You will see these numerical advantages are very great. They require very imaginative tactics. They require development and utilization of all our technological skills. They require—and, fortunately, we have them—better trained and equipped people, although not nearly as many of them.

We must never denigrate the quality of the Soviet equipment, which is very good. It is also very numerous. We still believe the training we accomplish and the long background of freedom that our men and women in the services have, gives them a far greater ability to respond quickly to crisis situations and to take advantage of the many technological advantages that we have.

That chart, incidentally, demonstrates why we feel it is so necessary to continue the pace of recovery that we have because it is clear that the Soviet pace is not slowing down.

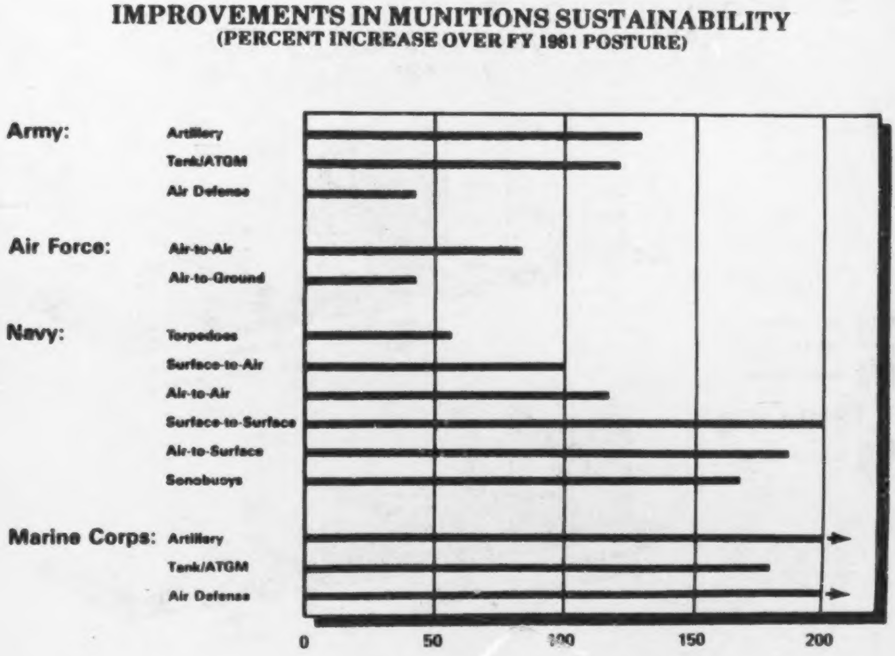


CHART 11

MUNITIONS AND SUSTAINABILITY

Here again are improvements that we have made in the past 5 years in munitions and sustainability. This is a critically important part of readiness, of course, and again you will see some very impressive gains that have been made in these past years.

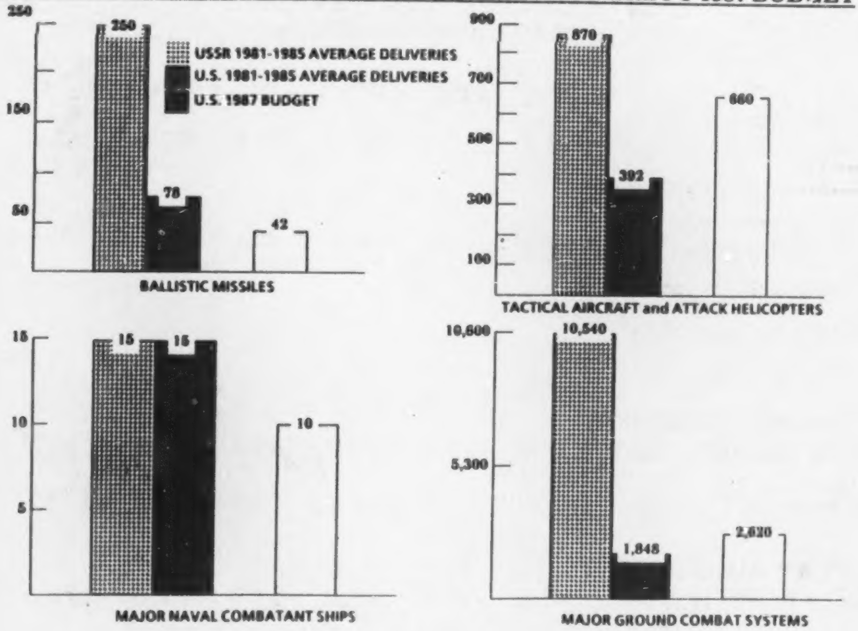

COMPARISON of 1981-1985 EQUIPMENT DELIVERED with FY 1987 BUDGET

CHART 12

COMPARISON OF DELIVERED EQUIPMENT

This compares the equipment that has been delivered from 1981 to 1985 for the Soviets and the United States with our budget request. You will see in all cases, while the 1987 budget—which, of course, is a high budget, as all our budgets, unfortunately, have to be—it is not in any sense disproportionate to the risk, as we measure the threats to the United States and our ability to maintain our freedom.

That is the way we have to measure our budget and that is the way we do measure it.

DOD TOPLINE REDUCTIONS

(BUDGET AUTHORITY in BILLIONS)

	1982	1983	1984	1985	1986	TOTAL 1982-1986
Amendment March, 1981	221.8	254.5	288.9	326.2	367.2	1,458.6
INCREMENTAL ADJUSTMENTS TO PLAN						
Sept 1981 through FY 1985 Enacted	-8.0	-15.0	-30.7	-39.4	-42.4	-135.5
FY 1986 Budget - Jan 1985	-	-	-	-	-11.1	-11.1
FY 1987 Budget - Jan 1986	-	-	-	-	-24.2	-24.2
PL 99-177	-	-	-	-	-11.0	-11.0
TOTAL ADJUSTMENTS since MARCH, 1981	**-8.0**	**-15.0**	**-30.7**	**-39.4**	**-88.8**	**-181.9**
Current TOPLINE	213.8	239.5	258.2	286.8	278.4	1,276.7
OUTLAY ADJUSTMENTS since MARCH, 1981	**-1.9**	**-16.1**	**-29.0**	**-51.9**	**-77.6**	**-176.5**

CHART 13

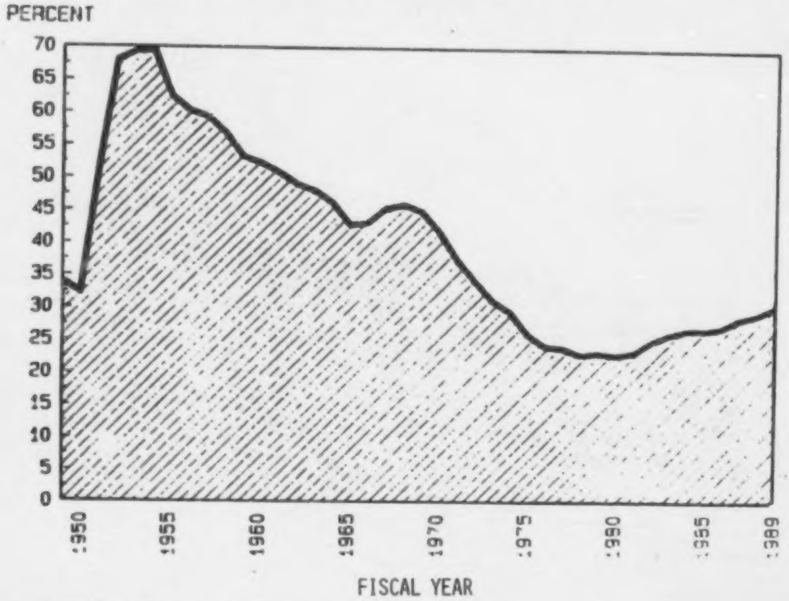
REDUCTIONS IN PRESIDENT'S REQUEST

Here are the reductions that have been made in the President's request since 1981—the March 1981 5-year plan. As we see, the adjustments that have been made in those requests are all reductions. They range from a $2 billion reduction made in our 1982 budget up to $52 billion reduction made in the 1985 budget.

In 1986 we had an actual decline, not only was a very large adjustment made, but we had a real decline. You will see from 1982 to 1986 there has been virtually the equivalent of a full year's funding taken out in the reductions from the 5-year plan the President submitted in March 1981.

To put it all in perspective, I would mention a couple of other charts that we think are useful for you to see. These charts are designed again to show the spending as a percent of GNP and Federal spending.

DEFENSE SPENDING AS A % OF FEDERAL OUTLAYS
National Defense Outlays in Current Dollars
(Years: 1949 - 1989)

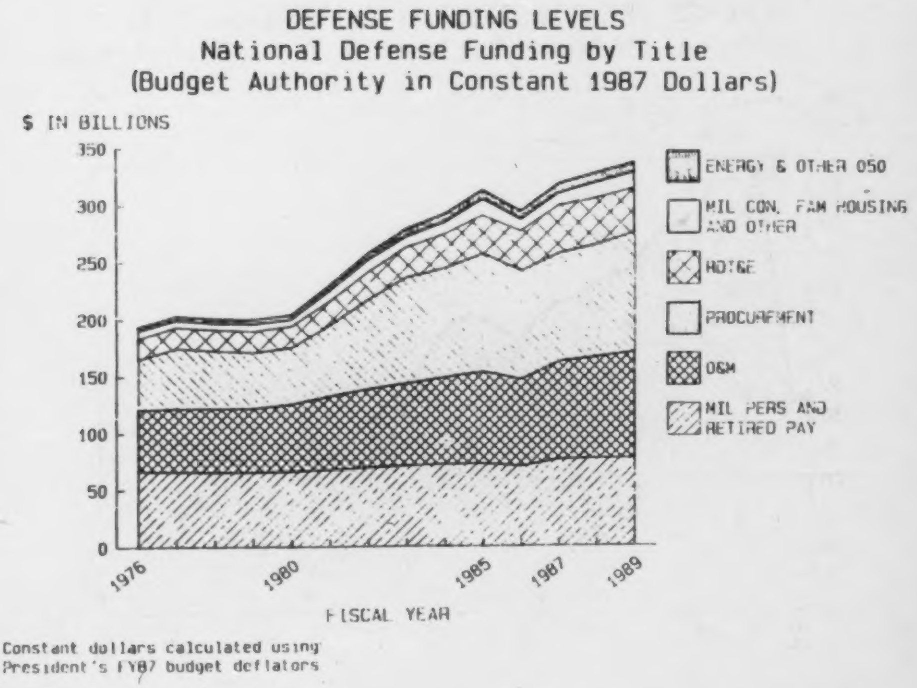


Source: OMB FY1987 Historical Tables

CHART 14

PERSPECTIVE ON DEFENSE SPENDING

The perspective going back to1950 you see in the first one. It shows defense spending as a percent of Federal outlays from 1950 on. You will see we are at 27 percent. We reached 70 percent in the early 1950's—70 percent of the whole budget was defense. This, of course, reflected the Korean war. Unfortunately, we came way down from that. We are now at 27 percent and we have not in any sense come close to it in the last 30 years.



DEFENSE FUNDING LEVELS
National Defense Funding by Title
(Budget Authority in Constant 1987 Dollars)

Constant dollars calculated using President's FY87 budget deflators

CHART 15

FUNDING LEVELS BY FUNCTION

Here is the way in which the funding levels are broken down by function. You will see the military personnel and retired pay remains fairly constant at about 50 percent of the budget. Operations and maintenance, again, is reasonably constant with a dip this year. Also shown are our plans over the next 2 years for procurement, research and development, and the energy and other items that make up the rest of the 050 function.

These charts are attempts to put our budget for this year in perspective and to show it is not excessive or out of line, that it is consistent with the past years, but maintains the growth that we feel we have. I must emphasize again the point that had we had 2-percent growth on a steady basis, bearing in mind the Soviets have had a 3-percent steady growth in 20 years, we would not have needed to go through this very large exercise this year, in the years since 1981. It has been an exercise which has caused a great deal of strain in the public perception of the amount allocated to defense, but it does not bring us back up to the point—or even relatively close to it—where we would have been had we had that 2-percent steady growth over the 20-year period.

The chart emphasizes again that we should not do what we started to do this year; that is, go down 6.9 percent after a steady increase since 1981, which has restored to a very considerable extent the strength that we have to have. You cannot keep that strength by stopping and going down from year to year.

Those are the points I wanted to place before the committee at this time, Mr. Chairman.

The chairman, Admiral Crowe, has some other points I believe he would wish to make and then we will be glad to try to take your questions.

[The statement of Secretary Weinberger follows:]

STATEMENT OF THE SECRETARY OF DEFENSE CASPAR W. WEINBERGER

THIS IS THE SIXTH YEAR I HAVE APPEARED BEFORE THE CONGRESS TO PRESENT THE REAGAN ADMINISTRATION'S REQUEST FOR RESOURCES TO ENSURE THAT THE NATIONAL SECURITY INTERESTS OF THE UNITED STATES ARE PROTECTED. DURING THE PREVIOUS FIVE YEARS, THE CONGRESS AND THE ADMINISTRATION HAVE DEMONSTRATED THAT THEY SHARE THE COMMON GOAL OF REBUILDING OUR DEFENSES TO REESTABLISH THE BALANCE OF MILITARY POWER NECESSARY FOR SECURE DETERRENCE.

THE PRODUCT OF THAT SHARED COMMITMENT HAS BEEN IMPRESSIVE. TOGETHER, THE CONGRESS AND THE PRESIDENT HAVE RESTORED NATIONAL PRIDE AND INTERNATIONAL RESPECT FOR THE UNITED STATES. THE QUALITY OF THE MEN AND WOMEN IN THE MILITARY TODAY HAS NEVER BEEN HIGHER. AMERICAN FORCES AROUND THE WORLD ARE READY TO RESPOND TO AGGRESSION. WE ARE SUCCEEDING IN GETTING BETTER WEAPONS DEPLOYED TO OUR FORCES.

THE POLITICAL EFFECTS OF THIS SHARED COMMITMENT ARE ALSO EVIDENT. AMERICAN RESOLVE TO RESIST AGGRESSION IS BETTER UNDERSTOOD; OUR ALLIANCE PARTNERSHIPS ARE STRONGER; AND, AN UNWILLING SOVIET UNION HAS BEEN FORCED BACK TO THE ARMS NEGOTIATING

TABLE IN THE GRUDGING REALIZATION THAT IT WILL NOT BE ALLOWED TO ACHIEVE MILITARY SUPERIORITY OVER THE UNITED STATES AND OUR ALLIES. FURTHER, THE SEQUENCE OF ANNUAL SOVIET AGGRESSION AGAINST NEW TARGETS THAT BEGAN IN THE MID-1970s WITH ANGOLA, AND CULMINATED IN THE BRAZEN INVASION OF AFGHANISTAN, HAS CEASED. WORKING TOGETHER, THE PRESIDENT AND THE CONGRESS HAVE COME FAR IN REVERSING A DECADE OF NEGLECT, RESTORING THE DETERRENCE BALANCE, AND UPDATING OUR DEFENSE STRATEGY AND POLICY.

THESE ARE POWERFUL AND DIRECT RESULTS OF AMERICAN RESOLVE AND COMMITMENT TO BEAR THE COST SECURITY REQUIRES. THE RESPONSIBILITY TO SUSTAIN THESE RESULTS LIES BEFORE US AS A CONTINUING REQUIREMENT. IT IS OBVIOUS THAT THE FY 1987 DEFENSE BUDGET REPRESENTS A CRITICAL PHASE IN THE CONTINUATION OF OUR SHARED GOALS AND RESPONSIBILITIES. SHALL WE MAINTAIN OUR GOAL OF REBUILDING U.S. DEFENSES OR WILL WE FALL BACK AND SEE THIS EFFORT FALTER? THE ADMINISTRATION REMAINS COMMITTED TO THE SUSTAINED IMPROVEMENT OF U.S. NATIONAL SECURITY CAPABILITIES, BUT THAT GOAL IS THREATENED AS THE CONGRESS'S COMMITMENT TO THE PRIORITY OF NATIONAL SECRUITY WAVERS.

CHART 1 *

THIS FIRST CHART PUTS INTO HISTORICAL PERSPECTIVE THE BUDGET CHOICES WE FACE. IT DEPICTS TWO MAJOR POINTS:

o FIRST, DURING THE 1970's, DEFENSE SPENDING DECREASED BY

---

*CHARTS 1 THROUGH 11 APPEAR AT THE CONCLUSION OF THE STATEMENT.

20 PERCENT IN REAL TERMS, LEAVING US WITH "HOLLOW" FORCES AND LOW MORALE.

o SECOND, BECAUSE OF LOWER APPROPRIATIONS SINCE 1984, THE LEVEL OF REAL DEFENSE RESOURCES IS STILL BELOW THAT WHICH WOULD HAVE BEEN PROVIDED BY A COMMITTMENT IN 1964 TO EVEN A MODEST TWO PERCENT ANNUAL REAL GROWTH RATE.

CHART 2

THIS CHART SHOWS THE CUTS TO OUR FY86 BUDGET, TOTALING $35 BILLION IN BUDGET AUTHORITY. AFTER ALL THESE CUTS, THE CONGRESS DID NOT PROVIDE EVEN THE ZERO REAL GROWTH IN DEFENSE SPENDING THAT IT HAD ENDORSED ONLY A FEW MONTHS EARLIER. INSTEAD, THE OUTCOME WAS A 6.2 PERCENT DECLINE -- THE FIRST TIME IN 15 YEARS THAT THERE HAS BEEN AN ABSOLUTE DECLINE TO THE DEFENSE BUDGET BELOW THE PREVIOUS YEAR.

FRANKLY, THIS APPROACH MAKES A TRAVESTY OF BOTH THE ADMINISTRATION'S EFFORTS TO DEVELOP A BUDGET THAT CONFORMS TO THE LATEST AVAILABLE CONGRESSIONAL DIRECTION, AND THE CONGRESSIONAL EFFORTS TO REVIEW AND ADJUST IT TO REFLECT ITS OWN PRIORITIES.

AMERICA'S DEFENSE POSTURE REQUIRES A STRONGER COMMITMENT FROM THE CONGRESS THAN DEPICTED IN THIS CHART; A COMMITMENT TO RETURN TO A SOLID AND CONSISTENT BUDGET PLAN FOR NATIONAL SECURITY RESOURCES. THE CONGRESS MUST DECIDE WHETHER WE ARE GOING TO BUDGET FOR WHAT WE NEED IN DEFENSE, AS MEASURED BY THE

INCREASING RISK WE FACE, OR WHETHER WE ARE GOING TO SQUANDER PAST GAINS AND RETURN TO THE PRACTICE OF REGARDING DEFENSE SPENDING AS THE BALANCE WHEEL OF FISCAL POLICY -- A PRACTICE THAT GAVE US THE NEGLECTED FORCES OF THE 1970's.

CHART 3

THIS CHART SHOWS THE MAJOR COMPONENTS IN OUR FY87 REQUEST. AS SHOWN IN THE OUTLAYS COLUMN, NEW INVESTMENT PROGRAMS REPRESENT ONLY A LITTLE MORE THAN ONE-TENTH OF TOTAL DEFENSE SPENDING PLANNED. THEREFORE, REDUCTIONS TO THE LEVEL OF THE SENATE BUDGET RESOLUTION -- OR EVEN WORSE BELOW THAT LEVEL -- WILL THREATEN READINESS, END STRENGTHS, MILITARY PAY, AND EXISTING PRIOR-YEAR CONTRACTS.

THE DEPARTMENT OF DEFENSE IS KEEPING FAITH WITH THE 0-3-3 PERCENT REAL GROWTH BUDGET PLAN THAT THE PRESIDENT AND THE CONGRESS NEGOTIATED AND THAT THE FY 1986 BUDGET RESOLUTION SPECIFIED FOR NATIONAL DEFENSE; JUST AS IN PREVIOUS YEARS, WE HAVE CONFORMED OUR REQUESTS TO CONGRESSIONAL AGREEMENTS.

DEEP BUDGET CUTS TO OUR FY87 REQUEST JEOPARDIZE THE PROGRESS WE HAVE MADE -- AS DEPICTED ON THESE NEXT SEVERAL CHARTS.

CHART 4: RECRUITING AND RETENTION

WHILE WE CONTINUE TO MAINTAIN FAVORABLE RECRUITING AND RETENTION LEVELS OF HIGH QUALITY PERSONNEL, SOME OF THIS YEAR'S RETENTION FIGURES RAISE CONCERNS ABOUT OUR FUTURE ABILITY TO COMPETE SUCCESSFULLY IN AN INCREASINGLY FAVORABLE ECONOMY.

TO COUNTER THIS REVERSAL, THE FY 1987 BUDGET CONTINUES OUR SUPPORT FOR ADEQUATE COMPENSATION AND AN ADEQUATE BASIC STANDARD OF LIVING FOR ALL OUR SERVICEMEMBERS.

CHART 5: ARMY MODERNIZATION

OUR INVENTORIES ARE MAKING SUBSTANTIAL GAINS AS THE ARMY MAINTAINS ITS FORCE LEVEL OF 18 ACTIVE AND 10 RESERVE DIVISIONS. THE FY 1987 BUDGET CONTINUES OUR INVESTMENT IN OUR LAND FORCES BY REQUESTING 840 M-1 TANKS, 870 BRADLEY FIGHTING VEHICLES, 144 AH-64 APACHE HELICOPTERS, AND SO ON.

CHART 6: NAVY/MARINE CORPS MODERNIZATION

THE FY 1987 BUDGET SUPPORTS THE GOAL OF A 600 SHIP NAVY BY FY 1989, 15 CARRIER BATTLEGROUPS AND FOUR BATTLESHIP BATTLEGROUPS. THE BUDGET INCLUDES THE PROCUREMENT OF FIVE AEGIS SHIPS, ONE ADDITIONAL TRIDENT NUCLEAR SUBMARINE, AND THE INITIAL PROCUREMENT OF 21 TRIDENT II (D-5) MISSILES, THE FIRST SEA-LAUNCHED BALLISTIC MISSILE CAPABLE OF RETALIATING EFFECTIVELY AGAINST HARDENED SOVIET TARGETS. ACCELERATION OF THE NAVY'S F/A-18 PROCUREMENT, WITH PROCUREMENT OF 120 AIRCRAFT IN FY 1987, DEMONSTRATES OUR COMMITMENT TO ACHIEVE OUR INVENTORY GOALS FOR THIS CRITICAL FIGHTER/ATTACKER.

CHART 7: AIR FORCE MODERNIZATION

LOOKING AT THE AIR FORCE, OUR BUDGET COMMITS THE NECESSARY RESOURCES, BEGINNING IN FY 1987, TO ACHIEVE THE 40 TACTICAL AIR WING

GOAL, UP FROM OUR CURRENT 37. THIS IS REFLECTED IN THE PROCUREMENT OF 48 F-15 AND 216 F-16 FIGHTER AIRCRAFT. FY 1987 MARKS THE COMPLETION OF PROCUREMENT OF 50 C-5B AIRLIFT AIRCRAFT.

CHART 8: TRAINING IMPROVEMENTS

GIVEN THE QUANTITATIVE ADVANTAGE OF THE WARSAW PACT NATIONS IN MUNITIONS AND WEAPON SYSTEMS, THE NAVY AND AIR FORCE HAVE EMPHASIZED INCREASED TRAINING, THROUGH HIGHER LEVELS OF FLYING HOURS AND STEAMING DAYS FOR OUR AIRMEN AND SAILORS, IN ORDER TO USE OUR MUNITIONS MORE EFFECTIVELY AND EFFICIENTLY. THE ARMY HAS INCREASED THE ROTATION OF BATTALIONS THROUGH THE NATIONAL TRAINING CENTER. THESE EFFORTS NOW, AT LAST, COMPARE FAVORABLY WITH THE TRAINING PROVIDED OUR ADVERSARIES. AND, IN FY 1986, WE WILL BE CONDUCTING 86 EXERCISES IN COOPERATION WITH 45 COUNTRIES.

AS WE HAVE INCREASED OUR TRAINING AND OPERATING TEMPOS, WE HAVE INCREASED THE NEED FOR MAINTENANCE AND LOGISTIC SUPPORT. INCREASED UNIT, INTERMEDIATE AND DEPOT-LEVEL MAINTENANCE REQUIREMENTS ARE PROVIDED FOR IN THE BUDGET. BOTH ADEQUATE MAINTENANCE AND OUR TREMENDOUS TRAINING IMPROVEMENTS WILL BE JEOPARDIZED BY DEEP CUTS TO OUR FY87 BUDGET.

CHART 9

THIS CHART DEPICTS OUR PROGRESS IN SUSTAINABILITY. OUR PROPOSED BUDGET ENABLES US TO MAINTAIN THE READINESS AND SUSTAINABILITY IMPROVEMENTS MADE TO DATE AND MAKE MODEST FURTHER IMPROVEMENTS

IN THE ABILITY OF OUR FORCES TO ACCOMPLISH MISSION OBJECTIVES. BUT WE WILL NOT BE ABLE TO MAINTAIN THESE IMPROVEMENTS IN READINESS AND SUSTAINABILITY IF THIS BUDGET IS CUT BY CONGRESSIONAL ACTION OR GRAMM-RUDMAN SEQUESTRATION, OR BOTH, AS HAPPENED THIS YEAR.

CHART 10

OUR DEFENSE PROGRAM AND BUDGET ARE BASED ON AN ASSESSMENT OF THE RISKS TO U.S. NATIONAL SECURITY, THE DOMINANT ONE BEING SOVIET MILITARY POWER. THIS CHART SHOWS PART OF THE PROBLEM WE FACE. IT SHOWS THE HIGHER PRODUCTION RATES OF THE SOVIET BLOC, COMPARED WITH THE U.S. AND OUR NATO ALLIES.

IN ADDITION TO THEIR QUANTITATIVE ADVANTAGE, THE QUALITY OF SOVIET WEAPONS CONTINUES TO IMPROVE SIGNIFICANTLY, OFTEN AS THE DIRECT RESULT OF PURCHASE OR THEFT OF WESTERN TECHNOLOGY.

CHART 11

IN THIS CHART, THE LEFT-MOST COLUMNS SHOW THAT THE SOVIETS EXCEEDED OUR AVERAGE ANNUAL DELIVERY OF FOUR KEY CATEGORIES OF EQUIPMENT DURING 1981 TO 1985. THE COLUMN TO THE RIGHT SHOWS THE NUMBER OF DELIVERIES THAT OUR FY 1987 BUDGET SEEKS TO FUND.

THESE KINDS OF FACTS ON THE SECURITY THREATS TO AMERICA DETERMINE THE DEFENSE REQUIREMENTS IN OUR BUDGET. THERE IS NOT THE SLIGHTEST INDICATION THAT A REDUCTION IN OUR COMMITMENT TO INVEST IN OUR MILITARY FORCES WILL RESULT IN A CORRESPONDING REDUCTION BY THE SOVIETS AND THEIR ALLIES OR AN ABANDONMENT OF

THEIR STRATEGIC OBJECTIVES. THE EVIDENCE OF THE PAST IS QUITE TO THE CONTRARY. INDEED, IF THE UNITED STATES WERE TO DEVOTE THE SAME PERCENTAGE OF ITS GNP TO ITS MILITARY AS THE SOVIETS DO, WE WOULD NOT BE SUBMITTING AN FY 1987 DEFENSE BUDGET OF $311.6 BILLION, BUT ONE OF SOME $700 BILLION.

THE UNITED STATES MUST SUSTAIN THE LONG-TERM PROGRAM FOR REBUILDING STRENGTH ADEQUATE FOR SECURE DETERRENCE. IF PEACE SEEMS EXPENSIVE, CONSIDER THE ALTERNATIVE. BY SCRIMPING ON STRENGTH, WE REDUCE OUR SECURITY AND INCREASE THE RISKS OF WAR. IF WE FAIL TO KEEP THE PEACE, THE COST TO OUR STANDARD OF LIVING, INDEED TO OUR LIVES AND OUR COUNTRY, WOULD BE INCALCULABLE.

THE FY 1987 PROGRAM IS INTENDED SPECIFICALLY TO ADDRESS THE RISKS CONFRONTING THE SECURITY OF THE UNITED STATES WITHIN THE FISCAL CONSTRAINTS ESTABLISHED BY THE CONGRESS IN THE BUDGET RESOLUTION LAST YEAR.

THE FY 1987 DoD BUDGET REFLECTS A REEVALUATION AND REVALIDATION OF OUR BASIC FORCE REQUIREMENTS. IT IS BUILT UPON THE SAME FORCE GOALS AND CONTINUES THE SAME MODERNIZATION PROGRAMS THAT THE CONGRESS HAS APPROVED OVER THE LAST FOUR YEARS. THE ONLY CHANGES ARE FURTHER EFFORTS TO EMPLOY GREATER PROCUREMENT ECONOMY AND EFFICIENCY TO ACHIEVE THESE GOALS IN THE MOST EXPEDITIOUS FASHION.

TO ACHIEVE EVEN GREATER EFFICIENCY, WE ARE RAPIDLY MOVING

FORWARD IN THE IMPLEMENTATION OF THE PACKARD COMMISSION PROPOSALS, WHICH WILL HELP US CONTINUE TO ADVANCE THE EFFORTS WE HAVE HAD UNDERWAY. DURING THE PAST FIVE YEARS, HUNDREDS OF OUR INITIATIVES IN COMPETITION, ECONOMIC AND STABLE PRODUCTION RATES, EXTENSIVE AUDITS, AND HARD-NOSED MANAGEMENT HAVE PRODUCED SUSTANTIAL SAVINGS. THE PACKARD COMMISSION ENDORSED THESE KINDS OF INITIATIVES AND HAS ALSO RECOMMENDED SOME USEFUL ORGANIZATIONAL CHANGES, WHICH WE ARE PREPARING TO IMPLEMENT.

THE DEPARTMENT OF DEFENSE IS STAUNCHLY COMMITTED TO GETTING THE MOST FROM THE DOLLARS GIVEN US. BUT OUR DRIVE FOR GREATER EFFICIENCY BECOMES EXCEEDINGLY DIFFICULT WHEN OUR BUDGET CHANGES DRASTICALLY AND UNPREDICTABLY FROM YEAR TO YEAR. THE PACKARD COMMISSION RECOGNIZED WHAT THE GRACE COMMISSION EARLIER RECOGNIZED, AND WHAT WE HAVE STRESSED ALL ALONG: GREATER EFFICIENCY REQUIRES BUDGET STABILITY. AND CONGRESS HOLDS THE KEY. WE MUST HAVE STABLE DEFENSE BUDGETS IN ORDER TO SUSTAIN ECONOMIC PRODUCTION RATES, AVOID COSTLY FLUCTUATIONS IN OUR FORCE STRUCTURE AND MANNING LEVELS, REAP SAVINGS FROM MULTIYEAR PROCUREMENTS, AND ACHIEVE OTHER EFFICIENCIES THAT CAN ONLY BE BASED ON A BUDGET PLAN THAT PROVIDES ADEQUATE RESOURCES AND ENDURES FOR MORE THAN A FEW MONTHS.

IN CLOSING, LET ME STRESS THAT I AM NOT SAYING, NOR HAVE I EVER SAID, THAT WE COULD NOT CUT OUR BUDGET REQUEST -- ONLY THAT

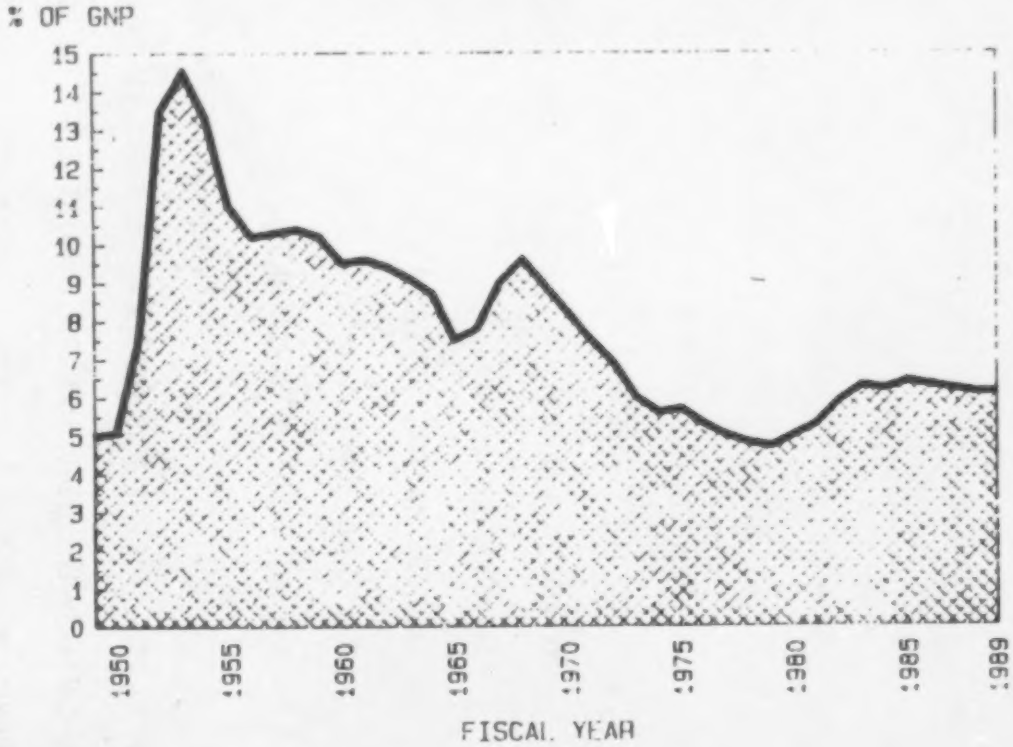
WE SHOULD NOT, BECAUSE CUTS CARRY INCREASED RISK TO OUR NATIONAL SECURITY. CONTINUING, DEEP REDUCTIONS IN OUR DEFENSE BUDGET WILL:

- JEOPARDIZE THE PROGRESS OF THE LAST SEVERAL YEARS -- PROGRESS BOTH IN IMPROVED MANAGEMENT AND IN THE STRENGTHENING OF OUR FORCES;
- ENTAIL GENUINE SECURITY RISKS BY DELAYING OUR ACHIEVEMENT OF A REASSURING LEVEL OF STRENGTH, ADEQUATE FOR THE SERIOUS THREAT WE FACE;
- CAUSE THE MILITARY IMPROVEMENTS WE KNOW WE NEED TO COST MORE IN THE LONG RUN, BECAUSE OF DELAYS, BUDGET INSTABILITY, AND INEFFICIENT PRODUCTION RATES.

THE ADMINISTRATION IS PRESENTING A SOUND DEFENSE BUDGET FOR FY 1987. IT IS CONSISTENT WITH THE CONGRESS'S OWN BUDGET RESOLUTION OF LAST YEAR. I URGE CONGRESS TO GET THE DEFENSE PROGRAM BACK ON TRACK BY SUPPORTING THE FY 1987 DEFENSE BUDGET REQUEST SO THAT WE CAN SUSTAIN THE DEFENSE IMPROVEMENTS WE HAVE ACHIEVED TOGETHER.

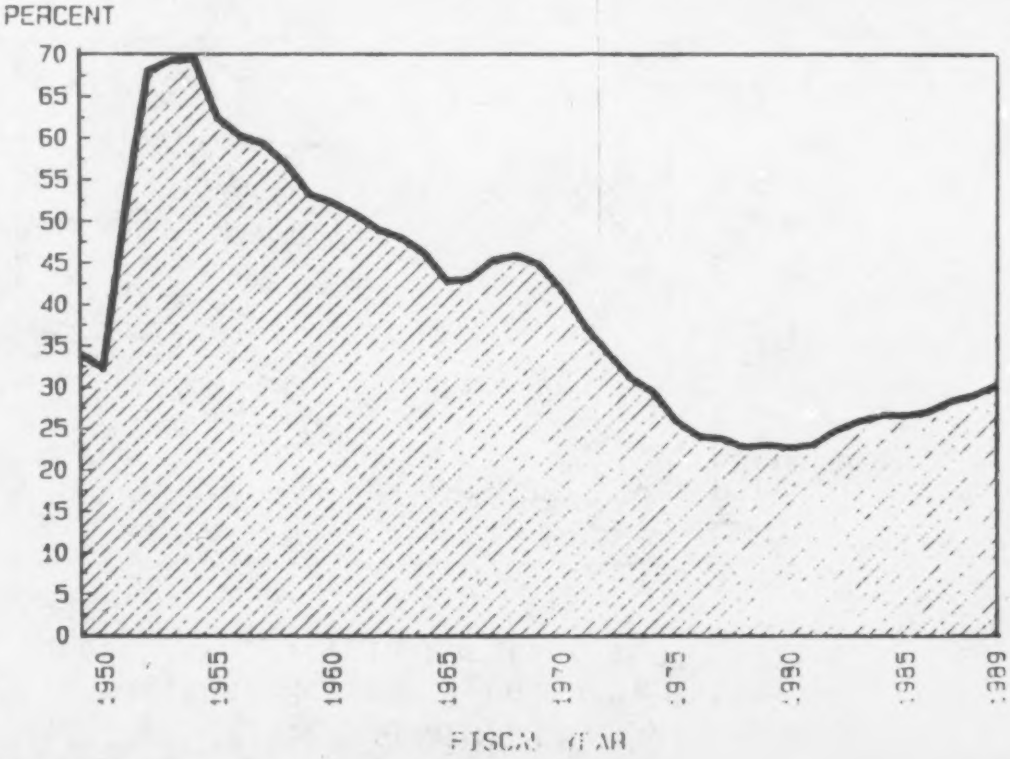
(THE CHARTS FOLLOW:)

DEFENSE SPENDING AS A PERCENT OF GNP
National Defense Outlays in Current Dollars
(Years: 1949 - 1989)



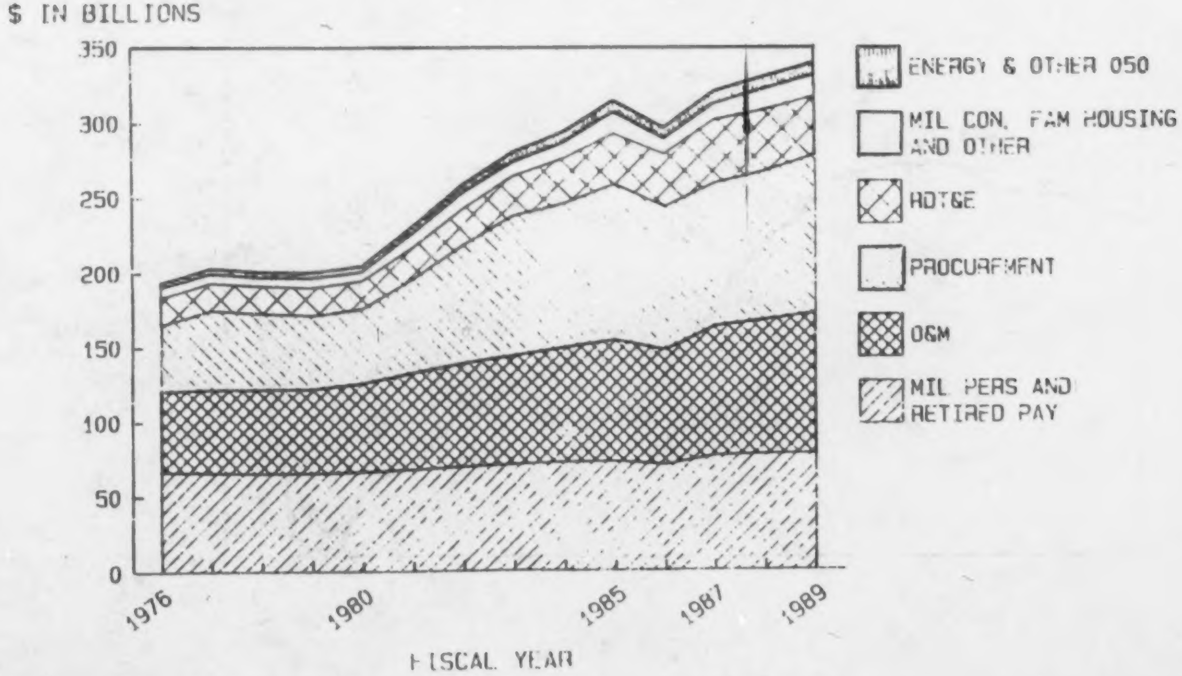
Source: OMB FY1987 Historical Tables

DEFENSE SPENDING AS A % OF FEDERAL OUTLAYS
National Defense Outlays in Current Dollars
(Years: 1949 - 1989)



Source: OMB FY1987 Historical Tables

DEFENSE FUNDING LEVELS
National Defense Funding by Title
(Budget Authority in Constant 1987 Dollars)



Constant dollars calculated using
President's FY87 budget deflators

DEPARTMENT OF DEFENSE BUDGET AUTHORITY

(FY 1987 DOLLARS IN BILLIONS)

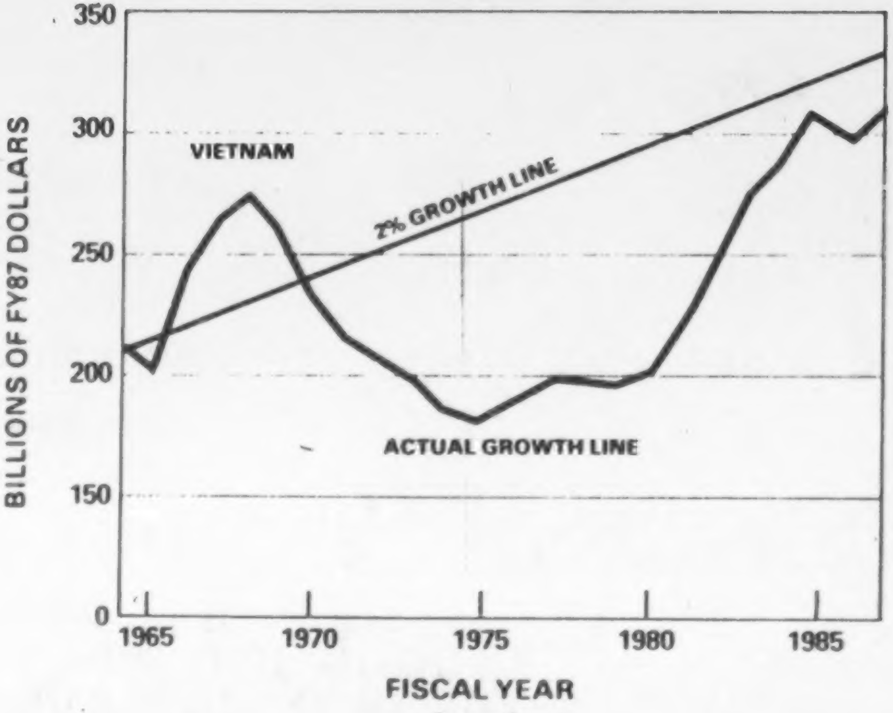


CHART 1

CONGRESSIONAL ACTIONS on FY 1986 DoD BUDGET

(CURRENT $ BILLIONS)

	BUDGET AUTHORITY	
	LEVEL	REDUCTION
President's Budget Request	313.7	
(0- 3-3 % growth compromise)	[294.5]	(-19.2)
Authorization Bill	294.5	-19.2
Continuing Appropriations	289.5	-5.0
SUB TOTAL		**-24.2**
PL 99-177	278.4	-11.0
TOTAL BUDGET AUTHORITY REDUCTION		**-35.2**
TOTAL OUTLAY REDUCTION		**-19.1**

CHART 2

FY 1987 DoD B/A & OUTLAYS

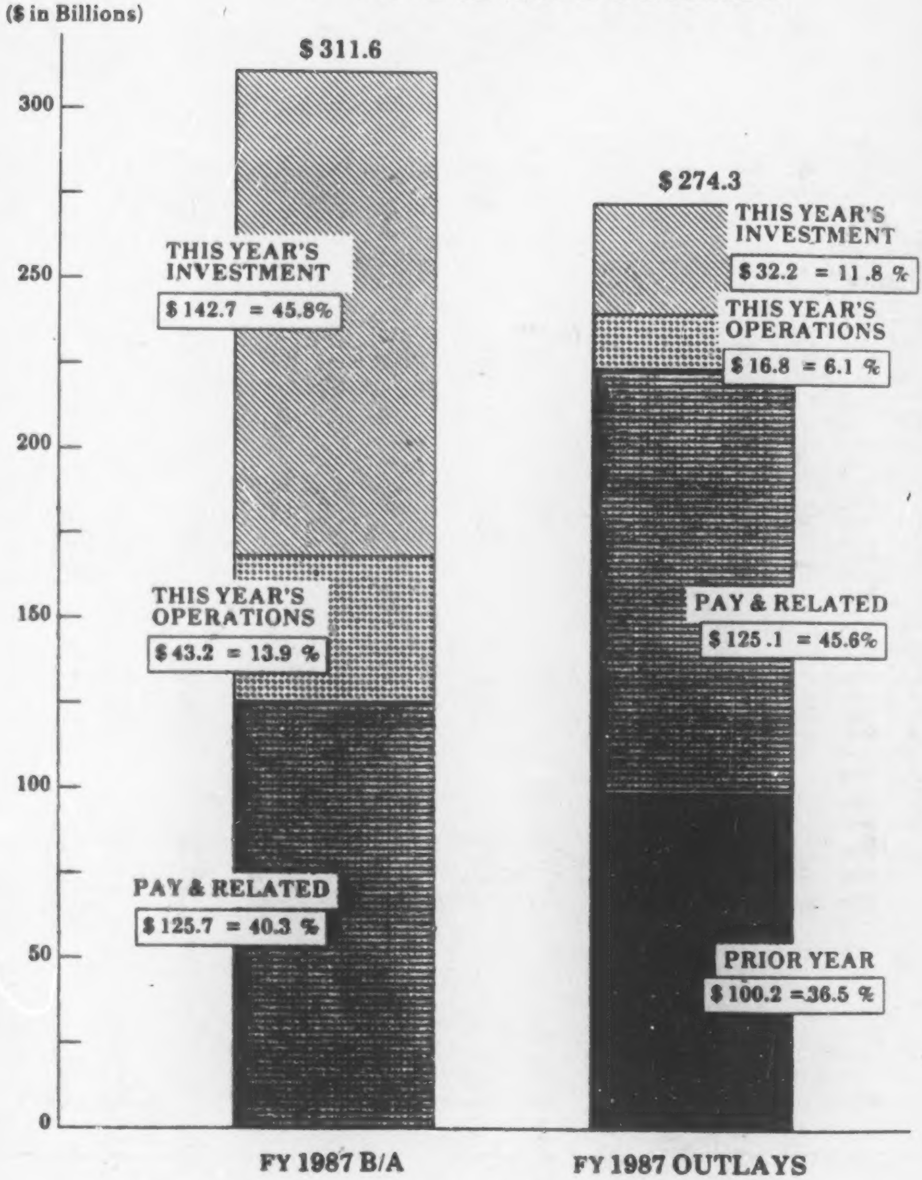


CHART 3

PERCENT OF RECRUITS WITH HIGH SCHOOL DIPLOMAS

Service	1980	1981	1982	1983	1984	1985
Army	54	80	86	88	91	91
Navy	75	76	79	91	93	89
Marine Corps	78	80	85	92	95	97
Air Force	83	88	94	98	99	99
Total	**68**	**81**	**86**	**91**	**93**	**93**

PERCENT OF FIRST TERM REENLISTMENTS

Army	50.6	55.0	58.6	45.3	43.8	43.1
Navy	36.7	41.7	50.3	55.7	58.0	54.5
Marine Corps	23.2	26.6	34.0	33.3	39.5	35.4
Air Force	35.8	42.9	56.9	65.8	61.9	53.9
Total	**39.1**	**43.0**	**52.9**	**51.6**	**51.2**	**47.8**

CHART 4

ARMY MODERNIZATION

	On Hand		FY 1986 & Prior Auth/Approp & soon to be delivered	
	FY 1980	FY 1985		FY 1987
Close Combat				
M-1 Tanks	34	3,021	1,988	840
Bradley Fighting Vehicles	-	1,937	1,735	870
Helicopters				
AH-64 Apache	-	45	408	144
UH-60 Blackhawk	-	682	93	78
Air Defense Missiles				
Patriot	-	612	1,529	700
Stinger	-	8,041	7,123	4,180
Artillery				
M L R S	-	232	116	44

CHART 5

NAVY/MARINE CORPS MODERNIZATION

	On Hand		FY 1986 & Prior Auth/Approp & soon to be delivered	FY 1987
	FY 1980	FY 1985		
Tactical Aircraft				
F-14A	322	430	65	15
F/A-18	-	234	252	120
AV-8B	-	32	107	42
P-3C	176	204	21	9
Ships				
SSN-688 Submarine	10	32	20	4
AEGIS Ships	-	3	17	5
Frigates	71	112	5	-
Battleship Reactivation	-	2	2	-
Trident Submarine	-	6	7	1
Strategic Missiles				
TRIDENT I	144	518	46	-
TRIDENT II	-	-	-	21
Tactical Missiles				
Sidewinder	4,510	5,899	3,482	627
Sparrow	2,236	2,753	3,442	1,716

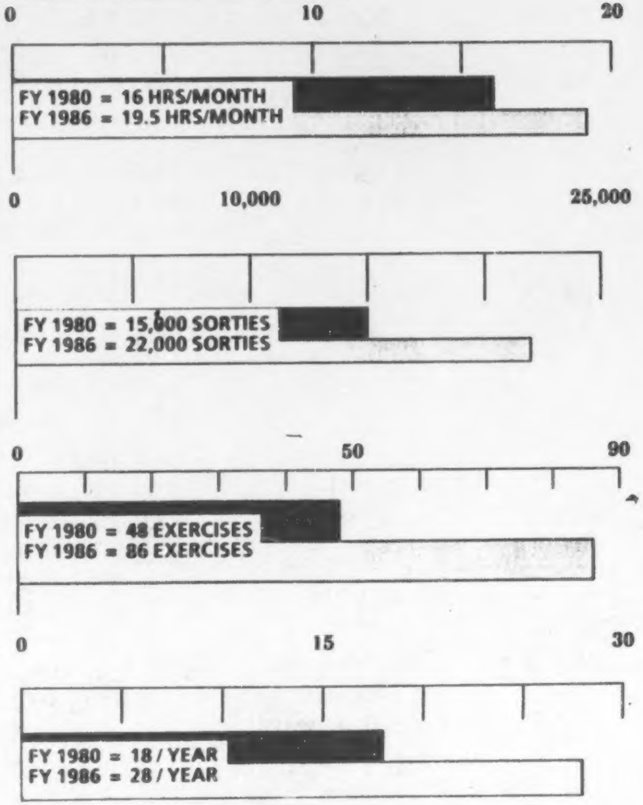
CHART 6

AIR FORCE MODERNIZATION

	On Hand		FY 1986 & Prior Auth/Approp & soon to be delivered	FY 1987
	FY 1980	FY 1985		
Tactical Fighters				
F-15	501	725	114	48
F-16	143	833	434	216
Strategic Aircraft				
B-1B	-	3	97	-
Mobility Aircraft				
KC-10	-	36	16	8
C-5B	-	-	29	21
Strategic Missiles				
PEACEKEEPER	-	-	54	21
ALCM-B	12	1,464	267	-
Nuclear/Tactical Missiles				
GLCM	-	196	288	76
Sparrow	8,192	10,302	2,712	379
Sidewinder	11,617	16,753	4,668	1,710

CHART 7

TRAINING IMPROVEMENTS



Air Force Tactical Aircrews:
19.5 flying hours/month

Air Force Tactical Aircrews:
22,000 Red Flag exercise sorties

Increased JCS Exercises:
86 Exercises

Army Battalions:
28 battalions/year rotating through National Training Center

CHART 8

IMPROVEMENTS IN MUNITIONS SUSTAINABILITY
(PERCENT INCREASE OVER FY 1981 POSTURE)

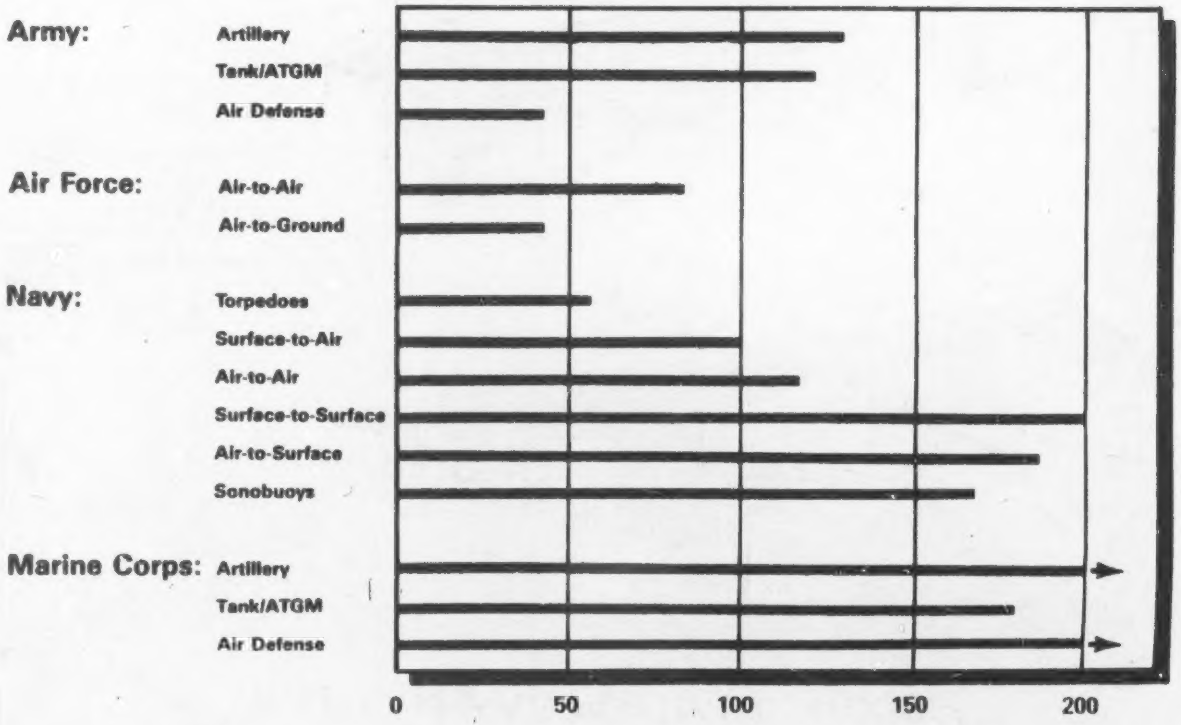


CHART 9

PRODUCTION OF SELECTED WEAPONS for NATO and WARSAW PACT FORCES

(1975-1985)

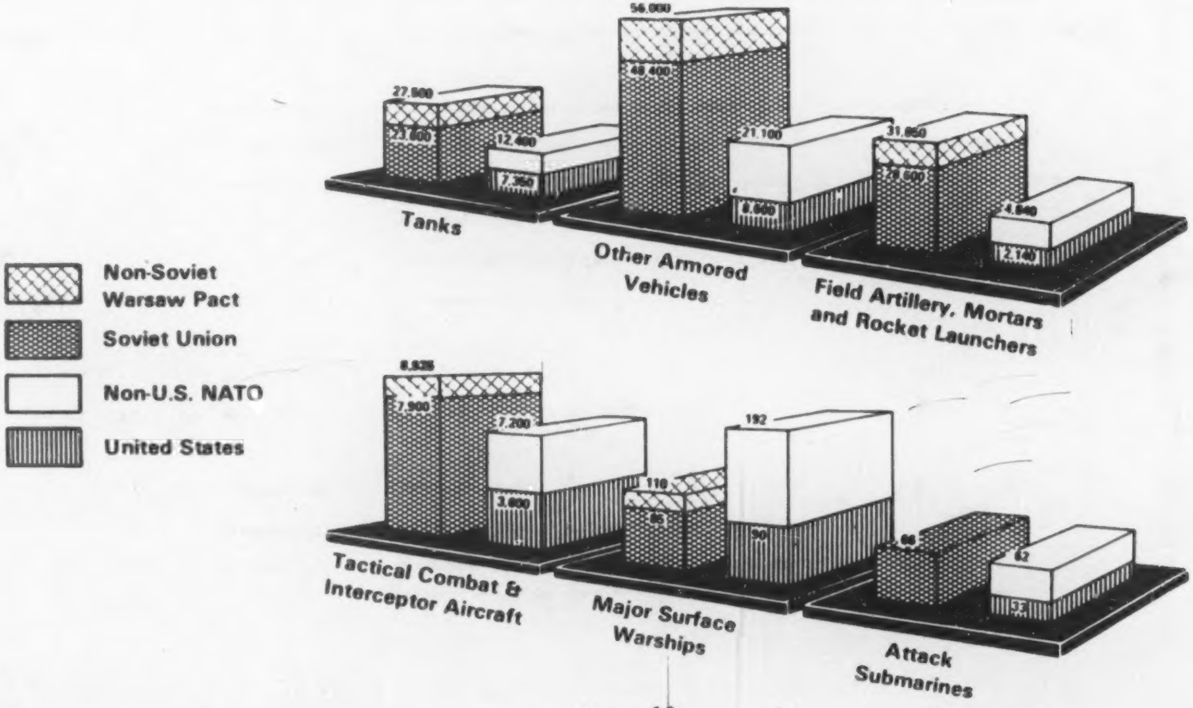


CHART 10

COMPARISON of 1981-1985 EQUIPMENT DELIVERED with FY 1987 BUDGET

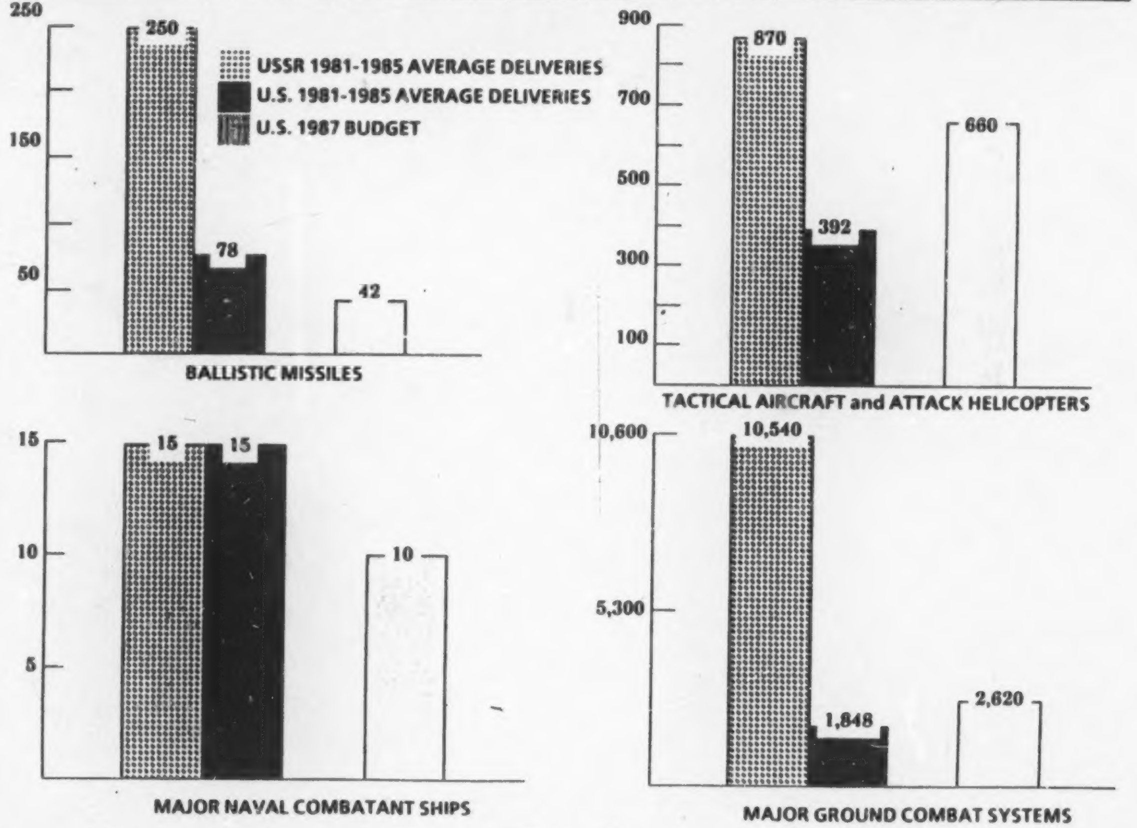


CHART 11

JOINT CHIEFS OF STAFF

STATEMENT OF ADM. WILLIAM J. CROWE, JR., U.S. NAVY, CHAIRMAN, JOINT CHIEFS OF STAFF

RESOURCES FOR DEFENSE

Senator STEVENS. Admiral Crowe.

Admiral CROWE. Mr. Chairman, I have submitted a formal statement for the record. With your permission, I will make general comments to reinforce Secretary Weinberger, if that is satisfactory with you, Mr. Chairman.

Senator STEVENS. That is fine.

Admiral CROWE. I welcome this opportunity to participate in these deliberations on the defense budget. Given the obvious pressures to cut back defense authority and outlays, I would like to begin with a few general comments about resources for defense.

Today, the United States remains an enormously wealthy and productive nation. With 5 percent of the world's population, we account for 25 percent of the world's gross national product. No other nation, not even the European community, comes close to matching our accomplishments on the world economic stage. We can afford a strong national defense if any nation can.

Clearly, what we spend on defense has a profound impact on such critical issues as peace or war. Over the last century, we have often let fiscal and political concerns overshadow military realities only to find ourselves in a war we did not want, but, having neglected our defense, we could not avoid. The result time and again has been the unnecessary loss of American lives and expenditures of huge sums which in the end dwarfed the cost of prudent deterrent forces. Our history graphically demonstrates there is no substitute for peace through strength, but it seems to be a lesson easily forgotten.

In a more contemporary vein, every President since the end of World War II has worried about the Soviet threat on the one hand and the cost of national defense on the other. No administration has ever devised a formula for cutting back on defense without ending up with a military balance more favorable to the Soviet Union and less favorable to us.

Another significant factor entering in the resource equation is our long-standing policy of attempting to overcome the Soviet advantage in numbers with an American advantage in high technology and quality within our force structure. In this light, static or sagging defense expenditures pose extremely difficult tradeoffs and, in turn, involve built-in risks or costs. For example, putting off investment in research and development greatly increases the possibility of the Soviet Union gaining a technical surprise or advantage.

Buying high technology year after year at the expense of force structure eventually leads to a strategy-force mismatch.

Stretching out modernization programs accelerates erosion of our qualitative edge on the field of battle.

Neglecting military compensation undermines the stability of an always fragile personnel situation.

Cutting into operations, maintenance, spare parts, and munitions funding invariably causes the bottom to fall out of unit readiness, combat staying power, or both.

Overall, the President's budget for 1987 attempts to avoid these structural minefields by proposing some real growth in the defense budget authority as well as outlays. I would urge the Congress to do likewise.

NATO EXPENDITURES FOR DEFENSE

Moving on to national security policy——

Senator ANDREWS. May I stop you for one moment?

You talked about our economy being able to sustain this type of defense expenditures if any economy in the country could.

Watching the Secretary's charts, they show our defense spending as a percent of our gross national product and also as a percent of our Federal outlays. One-half or one-third of our defense spending is for NATO and sometimes you look for a chart.

We have figures from $130 billion to $150 billion; it is about half. Sometimes it is the charts you do not see that you wonder about. We did not see a chart for the NATO allies' spending on defense as a percent of their gross national product.

Admiral, do they approach our percentage of gross national product in their contribution to NATO?

Admiral CROWE. Some do; some do not. Some exceed ours in percentage.

Senator ANDREWS. Do they spend as much per capita for their NATO support as we do?

Admiral Crowe. Some do, yes; some do not. It is mixed.

Senator ANDREWS. If you could provide at the appropriate point in the record those figures. The figures we have show they spend half as much as we do of the percent of GNP for defense.

One of the things that bothers me with what our economy can afford, our economy can afford certainly protecting our freedom, but when we are tied up with allies blocking off products of our economy and not spending nearly as much, it bothers us.

Secretary WEINBERGER. Two points. Admiral Crowe said that of the 16 NATO nations, some spend more than we do per capita; some spend less. We constantly urge them to do more. When we go down 6.9 percent, the force of those arguments is considerably weakened.

The second point is that it is not accurate, I think, to say that we spend one-half or one-third of our budget on NATO. If there were no

NATO, we could not recommend to you any reductions. We would have to recommend increases to you, because we would have to keep in being the forces that are now in NATO, bring them home and rehouse them here. Without forward deployment, our security position would be substantially weakened.

I have never felt those are expenditures for NATO. They are a vital part of the expenditures for our own security, and forward deployment is the best way to preserve that security.

Senator ANDREWS. If at an appropriate point in the record, you can include those figures, it will be helpful.

Secretary WEINBERGER. Sure.

Admiral CROWE. We will be happy to do that. It is a difficult equation. There are a lot of expenditures that go into that, not necessarily just in our defense budget. They are for support of our forces, et cetera.

[The information follows:]

1984 NATO defense spending per capita/as a percent of gross domestic product

[Constant prices—1984 exchange rates in U.S. dollars—Base year 1984]

Nation	*Percent*
Belgium	248.86/3.2
Canada	299.51/2.2
Denmark	246.44/2.3
France	367.85/4.1
FRG	328.94/3.3
Greece	243.43/7.2
Italy	164.13/2.7
Luxembourg	105.64/1.2
Netherlands	275.88/3.2
Norway	375.41/2.8
Portugal	61.80/3.3
Spain	121.54/2.9
Turkey	44.95/4.4
United Kingdom	414.25/5.3
United States	977.94/6.5

NATIONAL SECURITY POLICY

Admiral CROWE. Moving on to national security policy, I find the role of U.S. military forces is shaped by fundamental goals which essentially have remained unchanged since the 1940's.

Preserve the independence, freedom of action, and territorial integrity of the United States; protect United States and allied vital interests abroad; and shape an international order in which our freedoms and democratic institutions can survive and prosper.

These are not just empty words. They genuinely describe what our strength can and does do for us: Provide a shield against direct attack, protect American lives and property overseas, cement alliances, foster a global environment in which most nations enjoy peace with liberty, stand guard over freedom of the seas and airspace, approach arms control negotiations with confidence, and so on. Every day we are realizing a host of benefits from our military capability, benefits that we should never take for granted.

Today, much of our effort is oriented toward a strong forward defense in Europe and Asia. It is a demanding strategy, particularly where our forward deployed forces face or intermingle with forces of the Soviet Union.

But I have never found a way to walk away from this challenge without undermining our collective security arrangements, our deterrent stance, and ultimately the security of North America.

ACTIVITIES IN THIRD WORLD NATIONS

Meanwhile, we must pay attention to what is happening in the Third World. In this regard, I have no illusion that military forces can solve political and economic problems endemic to the Southern Hemisphere or that they can magically extinguish all the military fires burning now throughout the world. In some fashion, we must stand military watch over our essential interests, buy time for our friends and allies seeking to better their lot, and ensure no free ride for state-supported terrorism, subversion, or greater forms of aggression.

Again, our military strength is important in meeting these ends or achieving these goals. In all of these calculations, the Soviet military threat and its surrogates are a dominant consideration. I will not dwell on the Soviet war-winning philosophy or Soviet capability which, in a total force context, remains superior in numbers to our own. They are dealt with in the Secretary's briefing as well as our formal statement for the record.

CHARACTER OF SOVIET MILITARY BUILDUP

I believe it is more important, however, at this point to understand the character of their military buildup. In general, Soviet leadership views the contest with the West as a long-term struggle which will be determined primarily by a correlation of military forces more favorable to them over time. In turn, the expansion and modernization of Soviet forces tends to a steady upward slope, which the Secretary referred to. You can find this upward slope in both fiscal data and unit output over the last decade—tanks, aircraft, ships, missiles, and so on. It is quite impressive.

The Soviets also are very methodical planners. They have their own list of force limitations and vulnerabilities. Year after year, they keep chipping away at this list with new equipment, better weapon systems, and so on. In this persistent fashion they have managed to reverse trends and overturn balances that once favored us. Of particular concern to the Joint Chiefs of Staff is a gradual and steady erosion of our qualitative advantage.

PROGRAM STABILITY IN SOVIET FORCE PLANNING

Program stability is another characteristic we find in Soviet force planning. When we see the initial signs of a new strategic nuclear or general purpose weapon system, we can be virtually certain that these systems will be part and parcel of the threat 5 or 10 years from now. Curiously, we often have greater confidence that Soviet programs will stay on course than we do on our own.

N

The bottom line is that the Soviet Union looks at military competition with the United States as a long-term marathon, not a short-term sprint. Given the congressional tendency to cut back, it is difficult for the military to pursue rational long-term investment strategy. I would argue strongly for a more consistent policy marked by fewer peaks and valleys and one that sends a strong signal to Moscow, through the budget process, that we are in the game to stay. This would be a marked contribution to peace and national stability.

Time does not permit me to address each and every program in the President's defense budget, so I will focus on the larger picture.

SUPPORT OF SDI PROGRAM

I fully support the President's strategic modernization program and continuing research on the Strategic Defense Initiative. We cannot be coerced or intimidated by a Soviet strategic offense and strategic defense which, over time, threaten to become better than our own.

Further, it is essential to the nuclear arms control process that any U.S. President be able to negotiate from a position of overall strength, not just a snapshot view of where we are today, but where we are headed in terms of modernization. Of course, it is preferable to reduce offensive nuclear forces through the strategic arms reduction talks, but if this proves impracticable, we must still have a strategic nuclear umbrella which commands respect among our friends and adversaries alike.

CONVENTIONAL FORCES

Today, I am deeply concerned about budgetary pressures on our conventional forces. Earlier, I mentioned the gradual erosion of our qualitative edge relative to Soviet general purpose forces, but the problem goes much deeper than that.

Since the end of World War II every U.S. military commander has understood that in a major confrontation with the Soviets we would have to fight outnumbered—outnumbered by men and outnumbered by weapon systems. We have been forced by reality to operate on a theory that we can overcome this disadvantage with modern equipment, thorough training, reliable logistic support, superior tactics, and skilled people. Professionals in my generation accept that philosophy and take it as a given. At the same time, we realize that this leaves little room for error, no latitude to compensate for mistakes, and puts a premium on rational, consistent planning and funding.

General Brown, in commenting on this philosophy 10 years ago, pointed out any neglect in any one of our fundamental areas can stress separate parts of the system with an impact on our own overall posture. In the congressional dialog I see little recognition of these realities.

Put simply, what concerns your military leaders is that in midstream we will plateau our modernization efforts and start downhill again. We have seen marked improvement over the last few years, but there is still a lot to be done if you expect your military to overcome the handicap of fighting outnumbered and face the future with confidence.

MODERNIZATION PROGRAMS

Admittedly, many of our modernization programs are costly, a point stressed by the Congressional Budget Office and others searching for ways and means to reduce the deficit. But people who focus on program costs seldom mention: Firm operational requirements in a high-threat environment; premium quality in a force structure from which we expect longevity—two to four decades; on a strong conviction among the American population that we must both capitalize on and protect our manpower on the field of battle.

I ask you to consider these factors as well as the costs of force modernization programs. You will find many valid reasons for pushing ahead—more dangerous combined arms threat on the horizon, the rising tide of Third World conflict which, incidentally, is waged with more and more sophisticated weaponry; a dramatic increase in terrorism; the lethality of modern-day weapons, better ways to project and sustain U.S. military power overseas; on the field of battle a strong emphasis on night, all-weather capabilities, and so on.

READINESS, MOBILITY, AND SUSTAINABILITY OF COMBAT FORCES

Along with the modernization of equipment, we must stress every day the day-to-day readiness, mobility, and sustainability of our combat forces. We have all the essential building blocks in place—an impressive network of national training centers, excellent maneuver areas, and a JCS exercise schedule that wrings out our mobility and power projection capabilities in all corners and environments of the world.

But we must ensure that operations and maintenance funding allows us to exploit these opportunities and facilities as much as, if not more than, we are doing today. Also essential is that stock of spare parts and war reserve munitions which gives us staying power on the battlefield.

To sum it up, I am ever mindful of the fiscal realities pressing against military realities in the defense debate. I would argue that never in peacetime has it been more necessary to maintain our military preparedness, especially as a deterrent to terrorism, subversion, and greater forms of aggression.

At this point, I credit the administration and the Congress for making demonstrable progress toward restoring America's military preparedness. Certainly, I could not ask for a better personnel situation than I found upon assuming my duties as Chairman of the Joint Chiefs of Staff. Similarly, efforts to improve the unit readiness have paid off in highly beneficial and visible ways—we are in better shape than we have been for many years

But we are only 5 years into a 10-year strategic and general purpose force modernization program. Similarly, our conventional force structure still is not as robust as it should be, considering demands associated with America's leadership of the free world, peacetime commitments, multiple hot spots around the world, and the dominant Soviet threat. In general, the President's defense budget keeps chipping away at these problems just as the Soviets keep chipping away at theirs. Frankly, we cannot afford to do otherwise.

In my judgment, it is imperative to maintain a military establishment of high quality and readiness. It is our strongest card—sometimes our only card—in dealing with persistent long-term threats to our national security and to an America that is irreversibly engaged in world affairs.

That completes my statement.

[The statement of Admiral Crowe follows:]

PREPARED STATEMENT OF ADM. WILLIAM J. CROWE, JR., USN
CHAIRMAN
JOINT CHIEFS OF STAFF

INTRODUCTION

Mr. Chairman and members of the Subcommittee,

I welcome the opportunity to appear before this committee today and provide my assessment of the nation's defense establishment. While I am convinced that the current posture of the Armed Forces is sound, I likewise believe there is a great deal yet to be done to insure the nation's future security--particularly in the face of a steadily increasing Soviet threat and Moscow's broadening use of surrogates. I am, of course, aware that there is some pressure to cut back Defense appropriations in an effort to assist in reducing the current national deficit. Therefore, I believe it important that I comment not only on the status of our Armed Forces, but as well on the role military strength plays in U.S. policy-making and in the American relationship with the international community. I would strongly argue that deliberations on the military budget should commence with a clear understanding of what our defense establishment does for us.

THE ROLE OF U.S. MILITARY STRENGTH

The Secretary of Defense has provided the Congress with a comprehensive statement of U.S. defense policy. That statement notes, among other things, that the fundamental goals of our national security policy have remained essentially unchanged since the 1940s:

- -- to preserve the independence, freedom of action and territorial integrity of the United States;
- -- to preserve U.S. and allied vital interests abroad; and

-- to shape an international order in which our freedoms and democratic institutions can survive and prosper.

These are not just empty words--they genuinely describe what our strength can and does do for us. It has provided us a great deal more than simply a shield against direct attack. That same power underwrites our dealings with the international community--for example, to use the sea lanes, to communicate with friends overseas, to approach arms control negotiations with confidence, and to cement alliances which, in turn, enhance our own security. In fact, our strength has been an indispensable pillar not only of our own freedom but also the freedom of our friends and allies around the world.

For five years before returning to Washington, I served in command billets that brought me in touch with most of our major allies and a good share of the third world. In NATO, I observed firsthand that our military contribution to that coalition anchors its unity and political structure. When I served as USCINCPAC, a succession of Asian leaders emphasized to me the importance of a strong America with forces forward-deployed in the Western Pacific. In their view, our strength has deterred Soviet interference and intimidation. Behind that bulwark they have been able to seek economic prosperity and political maturity in their own fashion and at their own pace. I was continually warned that a decided Soviet military superiority in the Pacific would be disastrous. In recent months I have visited both Central America and the Middle East. Clearly, the leaders in both areas want a strong America as a backdrop for their efforts to build free and functioning societies. To allow our strength to deteriorate would seriously undermine their efforts as well as sacrifice our own goals.

In essence, our military capability provides us a host of benefits in terms of both national security and foreign policy.

Every day we are realizing a return on our investment as the Armed Forces provide an umbrella under which all our other cards are played.

These considerations have, over the years, shaped our general military strategy. Its key components are:

-- Collective security coupled with a vigorous overseas defense of the United States.

-- A strong and credible strategic deterrent to either nuclear or conventional military attack on the U.S. and/or its allies.

-- Capable forward-deployed conventional forces to assist allies and to deal quickly with emerging crises.

-- A central reserve to augment forward-deployed units or deal with the unforeseen over a wide spectrum of violence (to include low-intensity conflict and counterterrorism) and in a variety of climes.

-- The sea and airlift capability to project and support U.S. forces on a global basis.

-- The ability to ensure America's free and uninterrupted use of the seas for trade and security purposes.

-- A vigorous security assistance program to aid allies and friends in improving their ability to defend themselves.

-- A willingness to engage in meaningful arms limitation negotiations.

These principles, of course, combine to make up our military policy. Granted, it is a demanding strategy, but one that befits our goals and our position as a leader of the free world. Even though this strategy does not call for the U.S. to match its adversaries weapon for weapon, I often hear the argument that we should cut back our commitments to better fit our resources. But the proponents of such a philosophy don't seem to be able to reach agreement on what commitments to cut back, what regions to neglect or what allies to cut adrift. Without such a consensus, the argument has little force--particularly in today's interdependent and uncertain world.

THE THREAT

By definition, our strategy is determined not only by our own interests but also by the actions of our opponents. As Secretary Weinberger emphasizes in his statement, "In this respect the Soviet Union remains the dominant consideration." Moscow still harbors dreams of unlimited expansion and of the ultimate defeat of the free world. Yet communism's ideological appeal has steadily lost ground and the Kremlin has been plagued with a host of intractable economic and political problems. As a result, Soviet leaders are turning more and more to raw power to achieve their objectives either directly or indirectly--witness Afghanistan, Cambodia, Angola, Nicaragua, etc. The thrust of their military buildup is ambitious, hostile to free governments, and persistent.

Over the last 30 years, every one of my predecessors has expressed concern about the Soviet worldwide threat and the evolving military balance. Today, the sheer size of current Soviet forces, and the scale and momentum of the Kremlin's modernization efforts are of significant concern. Tremendous advances have been made in hardware over the last two decades, upsetting many of the advantages we held in the immediate post-war period.

For example, the strategic nuclear balance has shifted dramatically. The Soviets now enjoy superiority in ICBMs, medium-range nuclear forces and in mobile ballistic missiles. They are a burgeoning nuclear power intent on achieving dominance over the U.S. strategic deterrent. As to conventional arms, they lead the world. The Soviet inventory includes about a 4 to 1 advantage over the United States in tanks, 2 to 1 in aircraft, and 5 to 1 in artillery. These gaps will likely continue to grow since the Soviets have historically produced more weapons than the combined efforts of the United States and NATO. The personnel picture is no different. Active Soviet military forces outnumber U.S. active forces by about 2 to 1. Similarly, their progress in space commands deep respect; e.g., satellites, ABMs and ASATs. Perhaps most impressive is the rise of the Soviet Navy in the last 30 years from a short-legged regional force to a blue water fleet with a global reach. I won't dwell on statistics because Russian accomplishments are well documented in our Posture Statement and defense literature. In sum, this buildup is unprecedented in world history and on sheer momentum will carry well into the 1990's, if not longer. In this regard, it is important to note:

-- Soviet military doctrine consistently stresses the offense and a "war winning" philosophy.

-- Their forces vastly exceed those necessary to defend their own shores.

-- They are today capable of waging war on two fronts, both in the east and in the west.

-- Given their modern navy and political connections with satellite countries, they now have a "global military reach."

-- The Soviets possess an overwhelming superiority in the area of offensive chemical weapons.

-- Most disturbing, the qualitative edge the west has long enjoyed is being eroded. This has been achieved through large R&D investments, emphasis on technological education (4 times as many engineers as the U.S. in the last 10 years), piracy of western technology, and a willingness to accept inefficiencies in the process.

Special mention must be made of the increasing Soviet tendency to act through surrogates. The USSR is the world's largest arms salesman, delivering some $95 billion in weapons over the last decade. Approximately $80 billion worth of equipment, some new and some outdated by Soviet standards, has been funneled into the third world during the same period. In turn, Soviet customers are emerging as the military powerhouses of Southeast Asia, the Middle East, Africa, Caribbean, and Latin America. Moreover, Moscow continues to be successful in having its clients act against western governments and peoples. The result is a burgeoning terrorist threat, more small but fierce regional conflicts, and an increasing willingness of small anti-American regimes to challenge Washington. Perhaps this trend is the result of our success in preserving a rough balance of power which deters direct Soviet action against the west, but the fact remains it presents a serious and growing challenge to the U.S. military.

Concurrently, we see new leadership in the Kremlin which appears to be reinvigorating the party apparatus. We also know that with all of its military muscle, the Kremlin faces some very thorny political, economic and social problems. How all of this will affect Soviet behavior over the next few years remains to be seen. I am convinced, however, that the U.S. will be in a far better position to influence the Gorbachev regime if we continue discussions and negotiations from a position of increasing rather than sagging military strength.

Whatever you decide, let it be based on a full and unemotional appreciation of the peril we face. These threats cannot be assumed away nor is it necessary to overstate them. They are impressive and ominous in their own right.

CURRENT STATUS AND THE FY 1987 BUDGET

Let me now move to the state of our Armed Forces. Last year, General Vessey testified before this committee that "by every common sense measure, our forces are more ready than at any time in the recent past." That statement remains valid today and is made possible by the support of our citizenry and the Congress. On behalf of the men and women in the Armed Forces, I thank you. Each of the Service Chiefs has testified in some detail as to the major concerns and the requirements of his Service. I will speak to our overall warfighting capability from my perspective as Chairman. To do this, I have selected five broad areas of interest--manpower, modernization, training, sustainability, and special operations forces. Before proceeding, however, a few words are in order concerning the FY 1986 fiscal climate.

As a result of a decision to level defense spending this year and subsequent across-the-board cuts, mandated by Public Law 99-177, we already have seen a number of funding dislocations which will impact on our military posture. This includes a five percent reduction in operations and maintenance funding which is forcing some belt tightening in such areas as base management, operations tempo, and essential maintenance. Further, we see some freezes in civilian hiring as well as realignments in military personnel rotation and travel accounts. While we are striving to work around these problems, I cannot emphasize too strongly the adverse impact of such cuts on the readiness of our forces and the stability of military life. They threaten to undo much of what has been accomplished in the last few years as we have fought back from the neglect following Vietnam.

Manpower. In particular, I would not want to see reversed the remarkable improvements in our manpower situation, which is the heart of our force structure. Overall, personnel readiness is at its highest level of any peacetime period in our history. About 50 percent of the force are careerists and as a result, we have a solid cadre of mid-grade officer and enlisted personnel. The nation can be extremely proud of the high caliber of its Service men and women.

FY 1985 was another successful year for all the Services. The quality of our recruits exceeded that of FY 1984. Ninety-three percent of all of our non-prior Service enlistees were high school diploma graduates and ninety-three percent as well scored average or above on the enlistment test. However, as you are aware, the youth population from which the Services can recruit continues to shrink, and recruiting can be expected to become a growing challenge in the future.

Retention continued at very high levels for FY 1985 as well, but not without potential warning signs. Overall, enlisted retention declined from FY 1984 levels for all Services in all categories except for first termers in the Army. This has aggravated shortages in some of our enlisted skills. In addition, the Navy still is having difficulty retaining sufficient nuclear officers and, along with the Air Force, continues to lose experienced pilots. In and of itself, none of this is cause for great alarm at this time. but it does serve to remind us that personnel readiness, recognized as the cornerstone of our national defense, is very fragile indeed.

The bottom line is that our most precious asset is quality personnel; consequently, as we approach the FY 1987 budget a healthy personnel structure is the first priority of the Joint Chiefs of Staff. It is imperative that we have programs which will attract and retain adequate numbers of dedicated, intelligent and disciplined soldiers, sailors, airmen and marines. Under no circumstances can we afford to return to the unstable manpower picture of the 1970's.

Modernization--Strategic Nuclear Forces. Turning to force modernization, the United States has no choice but to maintain a credible nuclear deterrent for itself and for those nonnuclear allies who depend upon it. Stated in different terms, we should be able to tell the Soviet Union: "You cannot coerce us with your nuclear arsenals, because if you launch those weapons you will suffer as much if not more damage than the United States."

Unfortunately, U.S. strategic force modernization lagged far behind Soviet efforts during the 1970's. As a result, we have been forced to refurbish all three legs of the Triad at the same time--notably with the Peacekeeper missile, the B-1 bomber, and the Trident submarine. Current plans call for placing 50 Peacekeepers into modified Minuteman silos. In addition, we urgently need to continue research into more survivable modes for basing the second 50 missiles and development of a smaller ICBM/mobile launcher.

By the end of this year, the first 20 of 100 B-1 bombers will have been delivered to the Strategic Air Command. Over the next several years, this program will partially and temporarily modernize the manned bomber element of our Triad. Concurrently, we must move ahead with the Advanced Technology Bomber (ATB), so that it can be ready for deployment in the 1990's. Thereafter, we will have a prudent mix of B-1B and ATB types.

Additionally, we now have 5 deployable Trident I submarines, with 2 more on sea trials. Each carries 24 improved C-4 missiles. In various phases, contracting and construction work continues on an additional 6 submarines funded by Congress through FY 1986. This budget would fund the fourteenth Trident plus the D-5 missile. Because of its hard-target kill capability, the D-5 goes a long way toward increasing the potency and credibility of our strategic nuclear posture.

In order to guard against tactical and technical surprise, it is essential to have an updated and healthy Triad which will see us into the next century. The President's modernization program will give us that capability if it is fully carried out. We cannot afford to do otherwise.

Looking to the future, the Joint Chiefs of Staff wholeheartedly support the President's Strategic Defense Initiative (SDI) which will muster the nation's technological talent to determine whether an alternative to sole reliance on mutual assured destruction is feasible. It is both prudent and moral for the United States to explore means for ending the dominance of offensive ballistic missile weaponry.

Modernization--Chemical Warfare. Additionally, the JCS fervently support efforts initiated in the FY 1986 budget to develop an updated deterrent chemical capability. This program is necessary to offset serious disadvantage on the battlefield and to counter offensive and defensive asymmetries strongly favoring the Soviet Union. From the perspective of the American fighting man in the field, it is difficult to overemphasize this request.

Modernization--General Purpose Forces. In Europe, I have witnessed firsthand some of the modern weapons and equipment which have come into the inventory as a result of investments made over the last six years. Similarly, during my tour in the Pacific and on a recent trip there, I observed a stream of modern weapon systems. It is most impressive and is benefitting active, Reserve and National Guard forces alike. My FY 1987 Posture Statement documents these advances in some detail. It's not just quantity we are adding but quality as well. Test scores in gunnery and bombing are steadily climbing, in great measure because of improved munitions and fire control systems for use with tanks, artillery, fighter and attack aircraft and ships. Higher speeds in the M-1 tank and Bradley Fighting Vehicle have permitted a quantum jump in the pace of our land warfare capabilities. Improved reliability and less time spent in maintenance are characteristics of these new weapon systems which equate to increased capability. Similarly, recent investments in airlift and sealift have materially enhanced the ability to project power in every theater. During exercise REFORGER I personally watched the fast sealift ship (ALGOL) unload at Antwerp. In six days it moved from Norfolk to western Europe 33,000 measurement tons including 1,150 pieces of major equipment. Everything was unloaded in 21 hours. The integrated Aegis System is at sea and exceeding expectations in missile kill capability.

While we have made great progress over the last six years, it is also important to stress that we are only mid-stream in the conventional force modernization process. To cite some end FY 1985 figures from the active Army, about:

-- One-third of our tank battalions have the new M-1;

-- One-fourth of our mechanized battalions have the Bradley Fighting Vehicle;

-- Two-thirds of aviation companies have the improved Blackhawk helicopter; and

-- One-fifth of the air defense SAM missile batteries are equipped with the new Patriot.

In general, these modernized units give our people a fair chance to deter and defend in areas where they may be "first to fight" as in the central region of NATO. But those units not modernized--a majority of active Army battalions and many in reserve components--remain behind the power curve in equipment quality, particularly as reinforcements for NATO.

With respect to U.S. tactical air forces, I find similar trends. Over the last ten years, roughly two-thirds of the Air Force's tactical fighter squadrons have been modernized with the F-15, F-16, and A-10. During the same period, the Navy modernized over half of its tactical air squadrons with such types as the F-14 or F-18. For both Services, this modernization process has not trickled down as much or as fast to the Reserves as we would like to see.

In strategic airlift, we have achieved a 25 percent increase in capability since 1980 by purchasing additional C-5 Galaxys and by stretching and adding air refueling capability to all of our C-141 Starlifters. Even so, we ended 1985 possessing only 60 percent of the airlift capability required to reinforce our forward-deployed forces. The C-17 transport aircraft will complement our existing airlift force and make up our capability shortfall at the least cost in the long run. An added advantage of the C-17 will be its ability to provide flexible intra-theater lift and efficient inter-theater direct delivery to our commanders in chief. We must commit ourselves to the C-17 and the effective solution it provides.

Our "blue water" Navy also is only partially into the modernization process, particularly with the new Aegis-equipped ships which will add protection to our carrier battle groups in tomorrow's sophisticated electronic environment and help compensate for the Soviet numerical superiority. Only four battle groups are now so equipped. In addition, we remain midstream in efforts to modernize our nuclear attack submarine force with only 33 of the 688-class in a force of 96. If we are to face the future with the confidence that we can reinforce our allies, as on the flanks of NATO, or keep Soviet pressure off the sea lines of communication then we must persevere with these modernization efforts.

In summary, we have made great progress over the last six years updating our conventional forces so that they can survive on the modern battlefield and compete with the Soviet threat of today and over the horizon. More progress will be seen over the next two years as equipment currently in the pipeline reaches our combat forces. But it should be clearly understood that we are still mid-stream in the modernization effort. To falter now would not only stretch out the entire process, but would erode many of the gains already made and, frankly, prove more expensive in the end. The FY 1987 budget recognizes this reality and continues the momentum.

Training and Exercises. New acquisitions have been complemented by a rigorous training program designed to capitalize on their enhanced capabilities: our exercises are bringing together all the Services and increasingly include National Guard and Reserve units. Over the last year, the JCS scheduled some 95 exercises designed to evaluate doctrine, tactics, procedures, and command and control arrangements involving multiservice and multinational components. Concurrently, overseas deployment training by Army Reserve component soldiers is up by nearly 50 percent compared with five years ago.

Likewise, we are stressing more and more the logistic side of war fighting. A few examples are illustrative. The REFORGER exercise in western Europe recently tested every aspect of reception and onward movement of reinforcements from the continental United States using host-nation support from our European allies. Team Spirit performs a similar function for the reinforcement of Korea. Central Command's Bright Star exercise is growing in realism every year and enhancing our ability to project power into the Middle East. These are just the tip of an an exercise iceberg. In sum, our training is steadily becoming more joint, realistic and innovative.

Sustainability. Other improvements can be seen in the sustainability or combat "staying power" of our forces. As a system, sustainability includes war reserve stockpiles (munitions and spares), transportation capabilities, and industrial surge capacities. We worry about potential "war stoppers" or their impact on the theater nuclear threshold.

Thus, our goal in sustainability is "logistic support to our conventional forces from initiation to successful termination of any conflicts."

In line with this goal, we have seen substantial growth in U.S. expenditures for sustainability over the last six years. In the past four years, the funding for ammunition has grown by over 25 percent; spare parts funding has doubled; and ammunition inventories of all Services have improved substantially. In Europe, for instance, ground ammunition tonnage is up 18 percent, and it has almost doubled in the Pacific. Munition deficiencies which plagued us for years are improving steadily, but at the current rate of expenditures, it will be several years before we can near our goals and breathe easier.

The FY 1987 budget still puts considerable emphasis on sustainability and rightfully so. But years of neglect cannot be remedied easily or quickly. We simply must stay the course if we want a genuinely sustainable force as well as a modern and well-trained one. Otherwise, we will be spending a great deal for modern equipment with one hand and then reducing its effectiveness with the other.

Special Operations Forces. A particular word about "special operations forces" is in order. While small in total strength, our special operations forces have enormous utility and value in peace, crisis, or war. Some are specifically tailored, dedicated, and readily available to protect American lives and property overseas against international terrorists or other non-governmental groups hostile to the United States.

SOF units are comprised of the U.S. Army Special Forces and Ranger battalions, U.S. Air Force Special Operations Forces and the U.S. Navy SEAL Teams. Major equipment initiatives in train include more helicopters with specialized mission equipment, improved AC-130 gunships, air transports, long-range communications, dry-deck shelters on submarines, and SEAL delivery vehicles, along with related support facilities.

Overall, the program remains on track in FY 1986 with:

- -- An increase in Army contingents including CH-47D helicopters and related support;
- -- Expansion of the Navy's Special Warfare Training School and number of SEAL platoons; and
- -- New equipment acquisitions by the Air Force to upgrade the SOF aviation support fleet.

Simultaneously, considerable thought has been put into the command and control problem. I am persuaded that we now have a system which gives us considerable flexibility and permits us to exercise whatever degree of operational supervision is indicated by the circumstances.

Essentially, we have made remarkable improvements in SOF capabilities and readiness since the early 1980's. I also support the incremental approach toward improvement embodied in the general SOF revitalization program and in the particular FY 1987 submission. Many specialized and unique capabilities simply cannot be achieved on a "crash" basis. The program will require careful monitoring and management over the next few years to ensure that various components of the revitalization effort remain on track.

OVERALL CAPABILITY

Overall, the warfighting capability of the U.S. Armed Forces, active and reserve, remains at a high state. Keeping it there requires us to focus on two facts of life:

- -- One, readiness is a composite of several factors: combat equipment, personnel, maintenance, exercises, and supply levels. As General George Brown observed exactly ten years ago, neglect in any one of these areas can stress separate parts of the system with an impact on overall posture. The process of deterioration may seem gradual, but the breakdown in credible military capability, should it occur, would be instant.

-- Readiness does not determine by itself how well a force will acquit itself in combat. A force less than fully ready may do very well. Conversely, a 100 percent ready force still may not have adequate military capability because of quantitative or qualitative deficiencies in force structure.

The obvious conclusion is that force structure and readiness are not an either/or proposition. We need to be strong in both areas. The President's budget for FY 1987 strikes such a balance.

SUMMARY AND CONCLUSIONS

In summary, Mr. Chairman, our military posture today is driven by a number of real-world demands, many of which have evolved over the last 30 years. If anything, we have become more rather than less dependent upon global peace and security than we were two or three decades ago. Layered on top of these demands is a Soviet threat which has steadily increased over time in all dimensions of modern warfare and in all of the regions which concern us most. In this environment, I see no substitute for peace through strength. Further, I believe that the prospects of influencing the Soviet Union toward a constructive posture in world affairs will depend inevitably upon our capability to negotiate from a position of strength, both today and over the long haul.

Beyond these strategic imperatives, the President's budget for FY 1987 has several other military qualities which I support:

-- It strongly emphasizes those capabilities essential to U.S. security while covering others which only we can provide as a superpower and as a partner in global security arrangements.

- -- It continues to flesh out essential improvements in our strategic nuclear and conventional force structure, along with new initiatives in the high frontiers of technology and improvements in military compensation.
- -- It maintains a carefully crafted balance between equipment modernization, personnel readiness, training and exercises, maintenance and supply, and sustainability.
- -- It provides that growth necessary not only to continue improvements in our military posture but also to lead our allies toward a similar commitment of resources. And most importantly it sends a strong message of deterrence to our enemies.

This is not to say that this budget eliminates risk. Our challenges are many and our adversaries are large, powerful and dedicated. On a typical day, we have roughly 475,000 soldiers, sailors, airmen, and marines serving on or around the Eurasian Continent--essentially where our forward defense commitments abut or overlap the forward posture of Soviet armed forces. We count on these Americans and our allies to deter in a very high threat environment. We also recognize that they must be backed up by capable and ready forces in the U.S. for both deterrence and defense purposes. Yet, over thirty-five billion dollars has been removed from the FY 1986 budget from what we counted on just a year ago. This is negative real growth of about 6 percent. Decrements of this nature require significant changes and rebalancing. The price in defense is in stretching out and increasing the cost in modernization and in reaching sustainment goals. We will also give up more desirable levels of flying hours, combat vehicle mileage and steaming days. We are hitching up our britches and taking a greater risk. But this is as far as I advise we go. We need a balanced program that allows for some real growth in FY 1987. The President's budget does that.

GENERAL QUESTIONING

Senator STEVENS. Thank you very much, gentlemen.

Those are sobering statements from this Senator's point of view.

Let me first recognize the distinguished minority leader for such questions as he may have.

Senator BYRD. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, and thank you, Admiral Crowe.

I have followed in vain, Admiral Crowe, your prepared statement which you submitted to the committee. I just cannot find most of what you have said in your opening statement. I could not track you.

Admiral CROWE. These are general comments to reinforce that statement.

Senator BYRD. There are a good many assertions in your opening statement about the Congress which leave the impression that the Congress has been lax in providing the funding for adequate defense preparations and national security obligations. I do not find those assertions in the prepared statement you have submitted to this committee.

I would like to have had them so that I might have been able to follow you more carefully and comment on them.

REPORT BY JOINT CHIEFS OF STAFF

Let me, therefore, begin by saying that I saw in the Washington Post of this past Monday a report that the Joint Chiefs have sent a secret policy document to President Reagan:

> That supports any SALT II decision he makes without disclosing that some of them favored adhering to the weapons limits in the agreement, according to Pentagon sources.
>
> The Chiefs carefully crafted the document in hopes of avoiding an open policy split with Reagan and keeping themselves out of the political storm they foresaw if the President abandoned the arms pact, sources said.
>
> Adm. William J. Crowe, Jr., Chairman of the Joint Chiefs, engineered the document sent to Reagan. Sources said it states that the Chiefs' primary interest is to get new generations of strategic missiles, bombers and submarines deployed. The question of whether this can be done better inside or outside SALT II is a political call for the President, not the military, the document contends.

NONCOMPLIANCE WITH SALT II

Without discussing classified information—and I do not think that this topic is classified—does this policy document contend that a Presidential decision to end compliance with SALT II limits has no national security implications for the United States?

Admiral CROWE. Senator, I read both the George Wilson column and also your comments on the floor of the Senate. I should, perhaps, preface my remarks by saying I do not believe the general subject is classified, but certainly the analytical material that leads to certain conclusions is, a great deal of it is classified.

I found the article in the Washington Post very confusing and not at all accurate. I do not know what paper he is talking about. Certainly in the last stages of that decisionmaking process and deliberations that preceded it, there was no such paper that he is talking about.

I do not feel it is appropriate to talk directly and specifically about what advice the Chiefs gave the President, but I think it is appropriate to say, first of all, that the Joint Chiefs of Staff have followed SALT II for many years now. We analyze its impact not only on the United States forces, but also on the Soviet forces.

We analyze at great length what the Soviets are doing inside those constraints and also what we think they can do, or would plan to do, outside of those constraints.

MILITARY IMPACT OF SALT I AND SALT II

We have advised the President constantly and consistently on the military impact of SALT I and SALT II, on his position, as well as on how we think it would affect Soviet conduct. It is a military subject and we have, I believe, followed our obligations very closely and faithfully, not only recently, but throughout this process. Certainly the current Chiefs of Staff have done that.

The decision which the President arrived at is supported by the Joint Chiefs of Staff. First of all, it stresses the Strategic Modernization Program, which has been a high priority of the Chiefs throughout. We have advised that.

We feel that deterrence is built on a number of pillars, but very high in this priority list is the Strategic Modernization Program which the Chiefs have recommended and the President has adopted. He has emphasized that in these recent decisions.

He likewise has said that the decisions on what the United States will do strategically from now on will depend on the threat and on the military situation. The Joint Chiefs of Staff agree with that.

He has gone on to say that the United States will exercise restraint. We believe that is good. He has made it clear that the administration is committed to a policy of very aggressive negotiations for arms reduction which all along has been a posture that the Joint Chiefs of Staff have advised.

We support the President's decisions, and I believe that none of those decisions is inconsistent with the advice that the Joint Chiefs of Staff has been giving—at least this group of Chiefs, Senator.

Senator BYRD. I take it then you are saying that the Washington Post story stating that there was such a document is not based on fact?

Admiral CROWE. I do not believe it is.

Senator BYRD. Sir?

Admiral CROWE. I do not believe it is. I found the entire article confusing, Senator.

ADMINISTRATION POLICY ON SALT II

Senator BYRD. Aside from that, then, and I have listened to what you have said very carefully, I am not sure that we really know what the administration policy is. I have been listening to the President. I have not heard him say that SALT is dead. I have not read that he has said SALT is dead.

I have read that other administration officials have said it is dead. I read that the President said in his May 27 statement that whatever constructive steps the Soviets may take between now and November will be taken into account as to what our decision will be with respect to living up to, or not living up to, the central numerical sublimits in the SALT II accords.

I want to continue listening to what he says, but at the same time I want to know whether or not the Joint Chiefs contend that if either the United States or the Soviet Union violates arms control limits, this is an appropriate subject for the JCS to address.

Admiral CROWE. It definitely is and we do address it.

JCS POSITION ON SALT II

Senator BYRD. What is your position in that regard? How do you feel about the central numerical sublimits of the SALT II report?

That is what the argument has been about publicly as to whether or not the United States should continue to live up to those central numerical sublimits.

Admiral CROWE. In a sense you are asking me what I advised the President, Senator. I do not think it appropriate that I talk about what the Joint Chiefs of Staff as a corporate body advised the President.

Senator BYRD. What is your personal view? Would you care to state your personal view, if the United States abolishes, disregards, the central numerical sublimits, what military implications could that have if the Soviet Union decided also not to live within those central system sublimits?

SOVIET VIOLATIONS OF SALT II

Admiral CROWE. In a very real sense they have already decided that, Senator. They are violating the treaty now in some fundamental and significant ways. As a matter of fact, their strategic policy has taken them down a path that runs counter to treaty provisions. In developing their mobile missile thrust they have had to go to a second new missile, the SS–25, which is a violation.

Senator BYRD. That is not answering my question. I do not disagree with you that they have violated the SALT II accords in some respects.

What I am directing my question to is simply the central numerical sublimits. That is what we are talking about. If we break through the 130th to go to the 131st, arming of the B–52 with cruise missiles, then we have broken through that central numerical sublimit of the SALT II accords.

Now, we dismantled the two Poseidon's and stayed within requirements of the SALT II accords. I am not talking about the SS–25. I am not talking about the encrypting of telemetry, of course.

Admiral CROWE. From our perspective, they are very important.

Senator BYRD. They are from my perspective. That is not my question. I do not disagree with you on that.

I am saying that whatever they do, if they are going to insist on doing that, we ought to have a proportionate response.

But from the standpoint of your military planning responsibilities, do you not feel it is very important that the Soviets stay within those central numerical sublimits, and if we do not live within them, then they have no reason to restrain themselves within that narrow focus I am talking about.

If they do that, does that have any military implications for you?

Admiral CROWE. Senator, I will try to answer your questions without getting into a classified area. Please bear in mind that a lot of the analytical material is classified when you address this question.

Senator BYRD. I understand.

SOVIET ADVANCES UNDER SALT TREATIES

Admiral CROWE. First of all, I believe the SALT II Treaty and SALT I Treaty were initiated by the Soviets to accommodate their future plans. Since SALT I was signed, they have multiplied their warheads by four over what they previously possessed. Since SALT II was approved, they have increased their warheads by 50 percent or in that neighborhood.

They have gone just about where they want to in strategic offense, particularly in land-based missiles. They have continued to modernize. They have achieved this increase in warheads by going to modern delivery vehicles with more warheads. They will probably continue to do that to some extent in or outside of SALT.

They have likewise discovered that the one thing they did not account for when they first started this process is that they wanted to go into the mobile missile business. To do that they built a second new missile which violated the treaty. They did not hesitate to do it. They have 72 of those in the field now.

Senator BYRD. Admiral, forgive me for interrupting. I do not mean to be disrespectful. I agree with you on those things.

Admiral CROWE. But this is my point.

Senator BYRD. If you will get to the point.

Admiral CROWE. My point is that they have got what they want in terms of strategic numbers, and so forth. What they have discovered they did not have, and have now redirected their efforts to get, is far more protection, more MIRV'ing, more penetration, and more mobility.

That has required them to violate the treaty. In essence, what they have done is where the treaty fits their purposes, they have stayed within it, and where it has not, they have gone without it.

One thing that concerns me that I do not understand. If you are really interested in productive arms reduction negotiations, it seems to me that you do not give incentives to the Soviets if you abide by a treaty which limits us, yet they do not abide by it. They have everything they want, both sides, both worlds.

Why is there any incentive for them to come to the table?

Senator BYRD. Are you saying whether or not they live within the requirements of the central numerical sublimits does not make any difference with respect to our own military planning?

Admiral CROWE. No, no. For their military planning and their military purposes, Senator. If you really want to go into the analytical background, I would like to get into it in a classified manner.

CENTRAL NUMERICAL CORE LIMITATION

Secretary WEINBERGER. Senator, your question assumes, sir, that there is a central numerical core limitation. The admiral's point is that there is not. The Soviets have simply declined to pay any attention to that. Whenever they get near it, they bust through it to carry out their plan.

So, the assumption that there is an essential numerical core limitation is not correct; it is not there. All the President is doing is recognizing that.

Senator BYRD. That is what some of those who are trying to put words in his mouth may be saying. I do not believe the President is saying that.

CIA REPORT ON SOVIET STRATEGIC FORCE DEVELOPMENT

On June 26, 1985, this subcommittee heard from top Central Intelligence Agency experts about the Soviet strategic force development. CIA's national intelligence officer for strategic program testified that:

> Without SALT limits, the Soviets clearly have a capability for significant further expansion of their strategic warhead arsenal to at least 3,000 nuclear warheads, more than they might deploy by 1990 if they continue to comply with SALT.

Secretary WEINBERGER. They do not continue to comply with SALT.

Senator BYRD. That is not my question. I am not sure that they do not within that focus. You say they do not comply with SALT. I do not disagree with that. There are some violations.

What I am saying is all this public debate back and forth is not with regard to whether they have violated SALT, but as to whether or not we should continue until November to live within those numerical sublimits, the central sublimits.

The President, by his actions, has indicated that he feels it is important to do that. He scrapped the two Poseidon's. We did not have to do that. He had a purpose in doing that.

Secretary WEINBERGER. He did have. The purpose was to scrap them, because it was not cost effective to spend the funds necessary on submarines that are 32 or 33 years old, with 35-year-old hulls, to keep them in service.

He was very specific. He did not set those two submarines aside because of SALT II. He did it because it was the proper military use of resources, in his opinion. He was very specific about that.

B-52 BOMBER

Senator BYRD. Why is he saying that if the Soviets take constructive steps, those steps will be taken into account as to whether or not we continue to live within SALT?

Secretary WEINBERGER. Any modification of Soviet behavior at that time would be welcome. Of course, he would take it into consideration.

Again, looking at the military requirements—the things that we need for our own security—it is quite clear we need additional air-launched cruise missiles.

It is quite clear that there is a way of making the 27-year-old B–52's far more effective. It is quite clear we should proceed with our program.

You keep saying the Soviet violations are not all that relevant. It is because the Soviet violations have put us in a situation where we have to have this kind of addition. The President is not saying dead or alive. He uses the term "obsolete," and it is time for a new form of mutual restraint and things of that kind.

The Soviet violations are enormously relevant because they form the basis for our own budget. Soviet activity and violations mean that we have to take into consideration the requirements that we have, measured by those violations.

So, when the admiral is talking about the Soviet violations and SS–25 with 72 of them deployed and preparations underway to deploy more—these are not only enormously relevant, they are the driving factor. We have to look at them—what is best for our security—not at artificial limits which were never ratified by the Senate, which were never approved by the President, and which have now expired.

He says to do that creates an artificial regime which benefits the Soviets, and many of us would have us continue to do that.

NEGOTIATIONS IN GENEVA

Senator BYRD. Don't you feel it is important that we not cloud the atmosphere in Geneva with respect to the negotiations that are going on there, that could possibly impair a possible chance of reaching some accord at a summit that would be beneficial to the security interests of this country?

Secretary WEINBERGER. There are two or three answers to that.

The first one is that all during the time when the atmosphere was unclouded—when we announced publicly that we were adhering to the SALT limits, when we did adhere to them, when we announced last June, as the President did, that he would go the last mile—what was the Soviets' response to this unpoisoned atmosphere?

It was to continue to deploy the SS–25, a very lethal, very accurate, mobile survivable missile, and do it week after week until they had reached 72, and made preparations to deploy many more.

The other thing is I do not think the atmosphere is all that poisoned because since the President's announcement, there have been three new Soviet proposals. They have faults in them. At least they do not feel the atmosphere is so poisoned that they cannot submit proposals, and they are doing so.

They may even keep their promise and have a summit, but we do not know.

CENTRAL NUMERICAL SUBLIMITS

Senator BYRD. The chairman and other members have been very patient, very courteous. I appreciate your appearance and your statement. I think you have danced all around the question. I do not disagree with respect to possible Soviet violations.

I am talking about the central numerical sublimits. I am saying that it is the responsibility of the Joint Chiefs of Staff, as the top military body in this country, to advise the President and the Congress as to what the implications are of violations of the SALT II accords, specifically the central numerical sublimits, whether or not such violations would have military implications and would have an impact on your future planning.

Admiral CROWE. We do advise him.

Senator BYRD. What is your position?

Admiral CROWE. You quoted the CIA testimony as to what could be built. The crucial question is what will be built under Soviet military policy, their aims, objectives, and so forth. That is the question that the Chiefs address all the time.

Under that, I believe—and I am talking about my belief now, my personal belief—that the Soviets will not differ appreciably in terms of their strategic capability from what they are doing now. Now, they could build more as we could build more.

Senator BYRD. They could and if they do, what I am saying is that this is bound to have some military and budgetary implications.

Admiral CROWE. But capability plateaus when you begin to get up in that area.

Senator BYRD. I will close out by saying that obviously your answers do not go to the questions that were asked. The Soviets have their own production lines geared up, ready to go, to produce more launchers, more warheads, and they are presently living within the central numerical sublimits.

It seems to me it is to our advantage to stay within them for the present and say they are not going to be scrapped prior to a summit, which we hope will occur, and not throw cold water on the negotiations that are going on in Geneva. We can always do that later.

SOVIET VIOLATIONS

Senator STEVENS. I will say to my friend I have very high regard for the Senator from West Virginia. I have worked with him for a long time on these matters. I made a statement last night I would not disagree with the Senator from West Virginia any more.

My business in Geneva convinces me the Soviets are moving out of SALT II, the Soviets are not contradicting SALT II, we are not contradicting SALT II. We are trying to bring about a new agreement.

They have, in fact, gone to the SS-25. They have, in fact, built Krasnoyarsk. They have, in fact, not lived up to the sublimits if you count their additional weapons and additional radars that violate the terms of that agreement.

We could debate this, I say to my good friend, and I will be happy to further set forth my views on it in the Senate with you at any time. I have been privileged to be part of that group that went to Geneva to keep track of these things. I am convinced that the next arrangement cannot be based on sublimits or upon the concept of further limits as to what the Chairman of the Joint Chiefs of Staff has been addressing.

It must be based on firm reductions in existing armaments. We have to get out of the question of trying to determine compliance by virtue of whether or not things like the SS-25 are or are not a violation of a limit. We should set firm fixed numbers for reductions and the destruction of these weapons and that is what we are seeking.

As far as I am concerned, it is not a question whether SALT II is dead or alive. It is a question whether it protects the United States, and it no longer protects the United States in terms of defense of this country.

What will protect us is to get an agreement to reduce the limits of armaments on both sides. I think we are both working for that.

I will state to my good friend I know that is his goal, the President's goal, that we all work on the things we agree on and stop arguing about the questions we disagree on and that is what is our future role in SALT.

If we succeed in Geneva, SALT will be immaterial, whether it is alive or dead will be immaterial. That is my position.

Senator BYRD. That is your position. That is mine, too.

Mr. Chairman, I am not here to debate this or argue about it. The purpose of my questions was to try to find out the Secretary's views and what the Joint Chiefs of Staff's views are with respect to this important matter.

I have tried to get an answer. I do not think I have gotten an answer.

Senator STEVENS. The purpose of the hearing is to find out their priorities in terms of the budget that is in front of us and the budget in front of us does not refer to SALT II. The budget in front of us is a very complicated subject involving budget authority and outlays for 1987.

I would hope that you and I can now go on to questions about that. Can we do that?

Senator BYRD. Yes; but I do want to say this. If that is the purpose of the hearing, then it seems to me, in fulfilling the purpose of this hearing, it is important to know what the budgetary implications are of scrapping the SALT accords.

If it is the purpose of the hearing to find out what the military implications are, certainly the military and budgetary implications go hand in hand, then it is important to know what the Joint Chiefs' position is with respect to the questions I have asked. If they have military implications, they must also have budgetary implications.

I thank the Chairman. You have been very patient, so have all the members.

Senator STEVENS. Regardless of what our disagreement may be, the Senator from West Virginia has been a strong supporter of our efforts to modernize the armed services.

Senator BYRD. Admiral, may I say that I respect you, I respect you, Mr. Secretary, but do not for a moment forget there are some of us on this side of the table who are just as interested in this country's defense as you are, just as dedicated to it and just as supportive of most of the military funding that this administration has requested.

I supported the MX, I support the SDI, Midgetman, the Stealth bomber, and conventional readiness. So there is no monopoly on your side of the table. I am simply trying to get an honest specific answer to what I consider to be an appropiate question and I have not gotten it.

I thank you. Maybe I will have another opportunity.

Senator STEVENS. Senator Cochran.

Senator COCHRAN. Thank you, Mr. Chairman.

PACKARD COMMISSION

I have been impressed with the work of the Packard Commission. It is reassuring to us to learn that it is the intention of the Department to implement the recommendations of the Packard Commission. I know that has already begun with the establishment of the Joint Resources and Management Board.

Could you tell us what the status of the implementation of the Commission's recommendations is and what you see are the budget implications of that and what the impact on the budget request will be?

Secretary WEINBERGER. Senator, we are putting them into effect as you have said. We have looked through it very carefully. There are 18 separate recommendations. We have one person in the Department responsible for each one, and he in turn reports to the Board you referred to.

We are making very good progress with it, such things as the formation of the budget, the consolidation of functions, and things of that kind. There are a number of recommendations that also apply to the Congress and we are hopeful that those will be similarly treated.

OFFICE OF UNDER SECRETARY FOR ACQUISITION

One of the principal ones involves the creation of a new Under Secretary for Acquisition, to handle the entire acquisition process from the beginning to the actual purchase. That requires a new position.

I understand that the Senate has already passed a bill which contains this position, but it is not yet in the conference version. We are very hopeful that this will move forward, so we can go ahead with the appointment and establishment of the new position.

Generally speaking, I think all recommendations of the Packard Commission, with perhaps one or two minor exceptions, have been acted on and should be in place within a year.

We are making regular reports to the President at his request. We have the internal mechanism that will produce those.

GI BILL TEST

Senator COCHRAN. Admiral Crowe talked about the quality of personnel when he assumed the position of Chairman of the Joint Chiefs and how reassuring it was. You indicated in your statement some concern about the ability to continue to recruit and attract qualified personnel into the military, given the favorable economic situation that we have in the country at this time.

Do you think that you might reconsider your position on the GI bill test?

In the budget there was no request for funding of the continuation of the GI bill test, but a reversion to the old Veterans Educational Assistance Program which is not really that attractive, in my judgment.

What is your position on that?

Secretary WEINBERGER. Basically we would like to do the GI bill types of benefits, but contrary to the popular myth, we do have priorities and we do have to pick and choose.

We believe that, first of all, recruiting is going extremely well. Our projections are that, while there will be a smaller pool from which to draw, if the basic benefits are maintained for the military, we will continue to be able to attract not only the numbers, but the quality of people that we have been recruiting in the last 5½ years, which is extraordinarily high.

We would like to improve benefits, of course, to the military, but we do have to try to do those which not only are basically fair, such as the 4-percent salary increase which we very much hope will be voted. We also have to eliminate some things we would like to do because there is not enough funding to go all the way around.

The personnel costs now are about 45 percent. That does leave us with a reduced budget for many of the things we need, including research and development on future weapons that will make the smaller numbers that we have more effective.

STRATEGIC HOMEPORTING PROGRAM

Senator COCHRAN. Admiral Crowe, the Navy has been pushing its Strategic Homeporting Program which I support very enthusiastically. Some of the others here do not. They will have an opportunity maybe to comment.

I wonder, most of the support and the conversations we hear about the program have come from the Navy. I have not seen much attributed to the Joint Chiefs or to the Office of the Secretary of Defense on that subject.

Secretary WEINBERGER. We are strongly for it.

Senator COCHRAN. We need some help to get the votes to approve that and get the funding for the program.

What is your assessment of the need for that and is it an important effort?

Admiral CROWE. I think from a military perspective and joint perspective, it very definitely is, Senator. We need it and we want it. We understand, of course, there are costs involved. I think it is long overdue and it is something that will be helpful to our overall military posture.

Secretary WEINBERGER. We are strongly for it. It provides for a proper dispersion of the ships. It provides for a proper dispersion and, in some cases, addition of the necessary shore facilities in several parts of the country, which strategically is very desirable.

It is all based upon, and we would very rigidly enforce, requirements that local communities make major contributions toward receiving the ships, because they do bring in substantial economic benefits along with all the strategic and other necessities.

We are strongly for it. We helped devise it. We are very anxious that all parts of it, including not only the Federal funding, but also the local funding contribution, be kept intact. We are insisting on that. That is a basic requirement for the whole program.

Strategically, militarily, I think it is entirely the proper way to go. We are strongly for it. I am surprised that you felt that we had not been sufficiently vocal. With most people talking about me, the criticism is the other way around.

Senator COCHRAN. Thank you very much, Mr. Secretary and Mr. Chairman.

Senator STEVENS. Senator Weicker is next.

Senator WEICKER. Thank you, Mr. Chairman.

UNITED STATES COMPARISONS WITH SOVIETS

Mr. Secretary and Admiral Crowe, as I chair the other Subcommittee on Appropriations on Health and Science funding, I must confess that I find the wailing and moaning over moneys that you have received rather extraordinary, considering the moneys over which I have jurisdiction.

First of all, let me ask you this. In your charts we have constant comparisons with the Soviets. I see it interspersed throughout the remarks of both the Secretary and Admiral Crowe.

What is the purpose of comparison with the Soviets? What is the reason for it?

Secretary WEINBERGER. The reason for it is the reason for having a defense budget. We would much rather have a situation in which we did not have to come to you at all under any circumstances.

We do have a threat represented by the fact that the Soviets have made major additions at a steady rate for a 20-year period now that have given them a very large numerical advantage. Recently they have been acquiring some very improved technological capabilities, a lot of it stolen from us.

So, the reason for demonstrating that is to try to demonstrate graphically the factors that impel us to come here with the budget we have. We do not operate in a vacuum. We are not asking for 840 tanks because it is a nice round number. We are doing it because that is the number, combined with what we have in the pipeline, combined with our NATO allies, that will give us—not in any sense superiority—but will give us a deterrent capability.

There cannot be anything more relevant than what the Soviets have and are acquiring because that represents, as graphically as we can phrase it, the nature of the threat.

Senator WEICKER. This is, I assume, then based on speculation and the speculation that we might find ourselves in a position of conflict with the Soviet Union; is that correct?

Secretary WEINBERGER. It is to avoid that precise speculation, sir, that we are asking for the budget we have submitted. We are not asking to fight a war. We are asking for funds so that we can keep the peace.

DEFENSE BUDGET PERCENT OF GNP

Senator WEICKER. Let me give you some figures. I think maybe they are figures that this Nation should also be apprised of. So, we will use this occasion to disseminate the information.

In 1984 the Department of Defense budget outlays were $221 billion, or 6 percent of the gross national product.

In 1985 they were $245 billion, 6.2 percent of the gross national product.

In 1986, $264 billion, 6.4 percent of the gross national product.

Now, this is on whatever speculation you want to cite, either to avoid war or speculation it will supply the greatest defense so far as the Nation is concerned, minimizing the potential of loss of life of Americans no matter what the set of circumstances.

LOSS OF AMERICANS TO DISEASE

Now, let me cite to you some casualty statistics. In 1985, 450,000 Americans died of cancer, 120,000 died of Alzheimer's, 989,000 died of heart disease.

We have statistics, battlefield statistics, of Americans dead, not speculatively, but dead, of roughly 1½ million. In light of those statistics, in 1984 we spent $4.5 billion in the NIH appropriations, or three-tenths of 1 percent.

We spent in 1985 $5.1 billion, again three-tenths of 1 percent.

In 1986, again $5 billion, three-tenths of 1 percent.

Would you say that that is a very injudicious allocation or set of priorities?

Secretary WEINBERGER. No, sir.

Senator WEICKER. Insofar as the speculation of lives to be lost compared to those that are lost?

Secretary WEINBERGER. No, sir; certainly not. It was my privilege to be in charge of those functions of the Federal Government for some years. I am thoroughly familiar with the statistics. I am glad you did not complete what I thought was going to be your statement by saying that all of those deaths were the fault of the Defense Department. Many people go that far.

The point is, sir, that you have a National Institutes of Health, but you will not have that cancer program, you will not have the educational programs if you do not have secure borders and the ability to practice freedoms we have all enjoyed and taken for granted.

I do not think it is in any sense an improper allocation. It is an allocation which I regret. It is an allocation that is forced on us by the very figures you say here are irrelevant when you are talking about the Soviet threat. That is the kind of thing we have to look at.

Senator WEICKER. You use your own words. I did not use irrelevant. You chose to use the comparison to get some sort of emotional reaction.

Secretary WEINBERGER. No, sir; I used the comparison——

Senator WEICKER. I believe that the expenditure of defense dollars should be based on what is best for the United States, not as a matter of comparison with the Soviet Union.

Secretary WEINBERGER. How do you determine what is best for the United States?

Senator WEICKER. I suppose what gets me worked up is to sit day after day and see a parade of American humanity come before my Subcommittee on Appropriations, and they get the crumbs and the leavings, and they are hurting, and they are dying, and you sit here and complain over the fact you are not getting $350 billion, or whatever it is.

Secretary WEINBERGER. No; $312 billion. You are making two or three assumptions that I think ought to be corrected.

Senator WEICKER. I make one assumption, that the priorities not only of the administration, but of the American public right now are screwed up.

Senator STEVENS. I would ask the Senator to allow the Secretary a chance to respond to his questions. That is the reason he is here.

Senator WEICKER. I only interrupted when he paraphrased words that I had not used, Mr. Chairman.

Senator STEVENS. Give him a chance to respond.

CURRENT HEALTH OF AMERICANS

Secretary WEINBERGER. The priorities that are assigned to the health aspects of the Federal Government's activities are, I think, proper priorities, and they are very important priorities. They are important from every point of view.

The health of the Nation is improving substantially and we see it in our recruiting. In World War II we had to reject 50 percent of the people who came in under the draft. That is not remotely true now.

The health of the Nation has been vastly improved. Some of it has been, again, because of the research sponsored by the National Institutes of Health starting many years ago. I was proud of the role I was able to play in that and still am. We were told many times by many people who were familiar with it, many people who were active in it, that the funds that the Congress wanted to allocate for cancer research simply could not be spent effectively in any one year.

Nevertheless, they were allocated and we tried our best to spend them effectively. You have to bear in mind you cannot measure the things that we can accomplish simply by looking at whether or not the funding in which you are interested is as high as somebody else's funding.

We cannot, unfortunately, control the world situation. We cannot control the threat. We can help to meet it. We can hope to deter it. We can hope to keep a society and a situation in which we do not have to worry about whether or not we will be able to pursue the priorities that we would like.

But you cannot do that if you ignore the threat, if you ignore what the Soviets are doing and if you invite their attack. That is exactly what we have been trying to do and what we have been trying to do quite successfully with the cooperation of the Congress for 5½ years.

Our worries that we expressed today are worries that in the current-year budget balancing seemed to take priority over everything else. We call attention to the fact that the threat has not diminished and the threat does not diminish because our budget deficit goes up.

The amounts we are allocating to health and education are very substantial. They should be, and we will continue to do that. Admiral Crowe's point is that we are a rich enough society, fortunately, that we can afford to protect ourselves and do those things.

RESEARCH AND DEVELOPMENT BUDGET

Senator WEICKER. Let me put it this way. I will give you one last statistic. More Federal dollars are spent on defense research and development budgets in 15 months than the total expenditures on biomedical research since NIH was funded in 1937.

If you turn to me and say you think three-tenths of 1 percent on the business of life in the United States is adequate, three-tenths of 1 percent of the gross national product is adequate compared to 6 percent, I am afraid we have a basic misunderstanding.

Secretary WEINBERGER. I do not have responsibility for those functions.

Senator WEICKER. I do.

Secretary WEINBERGER. I cannot answer your question as to whether it is or is not adequate. I do have responsibility for the security of the country. What I am presenting to you is the very best estimates we can make, consistent with the risk that is required to preserve that security.

Senator WEICKER. You have never presented the lowest estimate, believe me.

Secretary WEINBERGER. We send the lowest estimate that we think is consistent with maintaining the security of the Nation.

SSN-21 BUDGETING

Senator WEICKER. The Navy is developing a submarine known as the SSN-21, which it believes can be built for an average unit cost of $1 billion versus $755 million for an improved version of the SSN-688 in fiscal year 1985 dollars.

However, the lead boat for which initial funding is requested this year will cost about $1.6 billion in fiscal year 1985 dollars, or $1.9 billion in escalated dollars.

In addition to the initial production funding for the SSN-21, the fiscal year 1987 budget includes request for four SSN-688 attack submarines and one Trident submarine for a total of $4.5 billion for submarines.

There seems to be a general consensus that this program is vulnerable to cuts. The Senate Armed Services Committee was moving in that direction but abruptly dropped the proposals, and your Department presented Congress with a cut list that includes delaying the SSN-21 and deleting funds for the one SSN-688 submarine.

I may ask the committee to consider the following alternative for fiscal year 1987. It funds four SSN-688's and defer the SSN-21 allowing a reduction of $454 million. My questions are as follows:

If the Navy fails to contain the cost of the SSN-21, its ability to maintain a force of 100 attack submarines, the number considered necessary for the execution of our naval strategy, will be in jeopardy and production of the two shipyards involved would decrease significantly.

Is that an accurate assessment?

Secretary WEINBERGER. I do not think it is completely, sir. What we are doing now is, first of all, seeing if we can get a more effective submarine by which we can utilize fewer numbers and get greater total effectiveness.

We have not made that decision—we have not reached that conclusion yet because the new submarine is not that far along. We are proceeding with the funding of very good 688 submarines to get the numbers that are required to deal with the targets and the size of the threat that we face.

We hope the new submarine will prove to be more modern and, therefore, more cost effective in every way. We are not ready to reach that conclusion yet. Admiral Crowe is certainly very qualified to deal with this subject also and may have some comments.

Senator WEICKER. What assurance do you have that the SSN-21 can be built for $1 billion per boat?

Admiral CROWE. I am not sure we have the assurance you would like at this point, but certainly our experience historically is that it will come down, and that is our best estimate.

We need the boat, we need the improvements. We desperately need it to stay ahead. If it does not come down, I do not think we will go into that. We have to contain it.

Secretary WEINBERGER. We are not able to say. That is the point at which we are in the development.

Senator WEICKER. Has your cost analysis improvement group undertaken an independent assessment of the SSN-21 program and alternatives?

Secretary WEINBERGER. I do not think it is at the stage where it is subject to that, but I will check it for the record. You have to have something for them to analyze. That requires us to complete much more work on the actual development and solve the production problems, things of that kind.

There will be a full cost analysis of it as there is with every system before we would ask for the funds for full production.

PRODUCTION COSTS OF SSN-21

Senator WEICKER. As I understand it, you are asking for production money in the 1987 budget?

Secretary WEINBERGER. Not full production. You cannot test something, sir, until you produce it.

Senator WEICKER. Counsel advises me there is $150 million in initial production money that is being requested.

Do you not think you ought to know what the thing is going to cost?

Secretary WEINBERGER. It is a large amount of money. Again, I repeat it is quite proper to have tests, it is quite proper to have analysis. You do have to have something to test and something to analyze.

Senator WEICKER. I am advised that $450 million in production funds are requested.

Am I correct?

Admiral CROWE. I will have to confirm it.

Secretary WEINBERGER. We will certainly confirm it.

Senator WEICKER. If it is $450 million, do you know what it is going to cost?

Secretary WEINBERGER. We will provide it for the record.

[The information follows:]

ADVANCED PROCUREMENT FUNDING FOR SSN-21

The President's fiscal year 1987 budget requests $454.3 million in advanced procurement funding for SSN-21. This will procure long-lead material and components for the propulsion plant, fund the detail design of the ship, and support long-lead requirements for the shipbuilders to gear up for modular construction of the new class. The cost estimates for the lead and follow ships of the class were validated by my cost analysis improvement group as part of the Milestone II Defense System Acquisition Council review of the program in May 1985. The newly formed Joint Requirements and Management Board will look at the cost estimates again in July 1986 as part of a formal program review.

PRIORITY ELEMENTS IN SUBMARINE PROGRAM

Senator WEICKER. Would you list the elements in the submarine program in their order of priority as between the Trident, the SSN-688, and the SSN-21?

Secretary WEINBERGER. There, of course, is the difference between the attack and the strategic submarines. Again, we will have to bring into it the Soviet capabilities and the Soviet plans because they are directly related to what we are doing.

Senator WEICKER. I am asking you if Congress comes at the submarine program, what are your priorities?

Secretary WEINBERGER. As stated in the budget. The acquisition of both attack submarines and the Trident submarine with the D-5 missile—that should be ready in 1989. The priorities are as stated in the budget.

Senator WEICKER. At what point will you have your cost analysis group undertake an independent assessment of the SSN-21?

Secretary WEINBERGER. Essentially it will be when there is something that can be analyzed as the completed system—that we would come in and ask for full-scale production. Before we do that, we would have the independent cost analysis presented to you and to us. We are not at that stage yet.

Senator WEICKER. In other words, the $1 billion figure per copy is only a guess?

Secretary WEINBERGER. At this point it is certainly not a proven estimate; no.

Senator STEVENS. Thank you, Mr. Secretary.

I am constrained to state at this time that this subcommittee warned against ramping up the 688's from two to three and to four. The reason for the bulge in the budget is the fact we are producing 588's far in excess of the rates we originally planned to in the long-term plan for the Navy.

I am going to be going into that in terms of my questions. The problem is not the follow-on submarine; the problem is producing the 688's too fast.

The next Senator is Senator D'Amato.

PREPARED STATEMENT

Senator D'AMATO. Thank you, Mr. Chairman. I have prepared remarks which I will submit for the record.

Senator STEVENS. Without objection, it will be inserted at this point.

[The statement follows:]

PREPARED STATEMENT OF HON. ALFONSE D'AMATO

U.S. SENATOR FROM NEW YORK

Mr. Chairman, I want to thank Secretary Weinberger and Admiral Crowe for appearing before our committee today, and I want to thank you, Mr. Chairman, for your able leadership in addressing through these hearings over the last several months many of the serious issues affecting our national security.

The authorization committees are currently meeting and the Appropriations Committees will soon meet to mark up the fiscal year 1987 defense budget. The House has a budget that sets defense outlays at over $20 billion below the President's request; the Senate's fiscal year 1987 defense outlay figure is over $14 billion below the administration's figure. It seems inevitable that there are going to be reductions.

I share your concern, however, Mr. Secretary, over the effects of budget constraints on our national security. The Soviet Union takes keen interest in our budget battles. Broad cuts in defense spending result in the elimination or slowing of important strategic programs. Meanwhile, the Soviet Union is not slowing its military buildup. The threat remains real and dangerous.

The public perception of a spendthrift Defense Department, however, is mainly the fault of the Department of Defense itself. Outrageous spare parts prices, expensive weapons systems that do not work, hidden inflation savings, and other problems conspire to make the public believe that the Pentagon can absorb many cuts. I realize that this administration has worked to rectify some of these problems and Congress has passed legislation to help in the process. Yet the Department of Defense still has much more room to cut the fat out of the budget.

When the Pentagon can demonstrate to the public and Congress that it is spending tax dollars as efficiently as possible, then I believe there will be a stronger consensus for a real defense increase.

I want to express to you, Mr. Secretary, my concern over a particular program that has been recommended for elimination in the fiscal year 1987 budget. The T-46A Air Force trainer is, for budgetary reasons alone, no longer a priority for the Air Force. My concern, Mr. Secretary, is that the taxpayers are going to end up paying much more down the road for an Air Force trainer that remains desperately needed.

Air Force officials admit that the T-46A is a good trainer and that the need for a new trainer has not diminished. In fact, they plan to rebid the T-46 contract in a few years.

Mr. Secretary, this will cost the American taxpayers at least an additional $1 billion. Compromises have been offered that will ensure little or no budgetary impact on the fiscal year 1987 budget if the T-46A line is kept open. Since an Air Force trainer, whether it is the T-46A or an upgrade of the T-37, will cost substantial funds in the outyears, wouldn't it be wiser to proceed with a new trainer, rather than trying to upgrade a 30-year-old trainer?

Finally, Mr. Secretary, I want to commend your work on behalf of the strategic homeporting plan. I urge you to continue the fine job you have done thus far in convincing skeptical Members of Congress of the importance of strategically dispersing our naval fleet. This project is not only important to our national security, but it helps to expand public support for our defense needs.

I look forward to working with you, Mr. Secretary, and with the Chairman of the Joint Chiefs of Staff as we proceed through our deliberation over the defense budget for fiscal year 1987.

Thank you, Mr. Chairman.

HOMEPORTING

Senator D'AMATO. Mr. Secretary, Admiral, let me first say that I agree with my distinguished colleague from Mississippi, Senator Cochran, in strongly supporting homeporting. I do not know any members on this committee who are not; maybe one. I thank you for your strong support.

Secretary WEINBERGER. Thank you, sir.

Senator D'AMATO. We talk about the necessity to meet the dangers of Soviet aggression, to protect our borders, to meet the expansion of the Soviet threat. I am deeply concerned with that.

I have been very supportive of the military requests that have been made for budget authority and for appropriations.

THREAT OF DRUG TRAFFICKING IN UNITED STATES

I wonder, Mr. Secretary, it seems to me that there is a threat that is at least equal, if not even more virulent, to our Nation. In every sense this threat has penetrated our borders and, more particularly, our neighborhoods. I speak of a very real, credible problem: the overwhelming problem of drug addiction.

I note with great interest and support the fact that on April 8, 1986, the President signed a national security decision directive on narcotics and national security in which he outlined how dangerous this problem is in terms of criminal drug trafficking and its corrupting effect on foreign countries.

Among other things, among the actions directed by the President was an expanded role for U.S. military forces in supporting counternarcotic efforts.

Mr. Secretary, let me share with you my sentiment on this matter. I see it very vividly in my home State. I do not believe it is confined to an epidemic of drugs in New York and urban centers. It has spread, and it is continuing to spread. We see now the invasion of crack, a new form of cocaine that causes instant addiction.

We see the quality of life being diminished tremendously. We see the entrapment of our young people. We see drugs enslaving many addicts to a life of crime and, as a result, the loss of domestic tranquility.

I do not believe that we can continue business as usual, so to speak, as it relates to the noninvolvement or the small or limited involvement of the military in attempting to secure our borders. In my view, the military must play an integral part of the war against drugs, particularly as it relates to interdicting drugs that come into this country.

Mr. Secretary, I have heard so often when talking to various military personnel, the admirals, Coast Guard, and others, about the mission, that we cannot impair military readiness. I suggest both to the admiral and to you most respectfully that I believe we have to reassess our priorities.

I do not think there is a greater danger than drugs that threatens the domestic tranquility of this country. We have an epidemic. We are simply not fighting that war, Mr. Secretary, and using all the resources necessary. Now, I am not coming down on you, Mr. Secretary.

Secretary WEINBERGER. Can I comment on this?

Senator D'AMATO. Certainly.

INVOLVEMENT OF MILITARY IN ANTIDRUG PROGRAM

Secretary WEINBERGER. I would like to disagree very strongly with the idea there is any noninvolvement, or lack of deep involvement, of the military in this problem. It is a very serious problem.

We are heavily involved. We are taking steps that everyone who has examined the problem carefully commends and says are very effective. We are interdicting a great many of the ships that bring narcotics to this country. We are passing on very valuable information to the Coast Guard and local law enforcement agencies.

We have the AWACS and other planes, as well as submarine hunters and others that have somewhat different missions. We are taking and continuing to take—you cite the President's directive—an increasing involvement in the interdiction of drugs coming into this country. We are well aware of the seriousness of it.

We know a great deal of terrorism is financed by it. We know a lot of the actions inimical to this country, particularly those in Central America, are financed by it. We are taking major steps in countries other than the United States to deal with the problem at its source.

While we do not go into those in any detail and while they are done in full accord with the host country, they are very effective, too. So, I agree with you about the seriousness of the problem, but I disagree very strongly with any implication that the military is not sufficiently involved or is not sufficiently effective in dealing with the problem.

Our plans are to continue to do this on an increasing scale to the extent that we are funded to do so.

Senator D'Amato. Mr. Secretary, I am glad to hear your commitment to increase the level of activity.

COAST GUARD PERSONNEL ON NAVY VESSELS

Let me simply suggest that, regarding the program that was authorized by Congress in 1986—in which $15 million was transferred from the Navy to the Coast Guard to cover the cost of placing Coast Guard personnel on Navy surface vessels operating to interdict drugs in various areas—to my knowledge, at the present time we have maybe two ships, two Navy ships, that have Coast Guard personnel on them.

I suggest that this is not the kind of commitment that we need in this battle.

Secretary Weinberger. The 1986 funds are being expended in 1986. It is still 1986. The naval assets that are assigned to the task are the assets that can most effectively cover the areas that are most likely and, indeed, where we have had the greatest success in interdicting the drug traffic attempting to enter the United States.

We certainly do not have any intention of not allocating sufficient resources to do the job. It is true, of course, that we do have other tasks, but we certainly are fully aware of the importance and the risks of increased narcotic entry into the United States. The work we are able to do in other countries has been fully as effective, although not as widely publicized, as things we are doing in this country.

Senator D'Amato. I will simply conclude by saying that it is this Senator's belief, and I think it is shared by many who have been attempting to do something in this area, that our level of participation by way of military involvement must be increased and increased substantially.

That which we have done pales in comparison with the problem. We have a plague on our hands.

Let me suggest to you that I think it would be worthwhile finding out how many of the young recruits we have to turn down because they are carrying the AIDS virus when they are being tested. A substantial part of it is a consequence of the drug epidemic, because one of the ways AIDS is transmitted is by intravenous use of needles, et cetera.

We have a plague on our hands. Mr. Secretary, $15 million in terms of that program is minuscule.

Secretary Weinberger. That is what the Congress allocated.

Senator D'Amato. That is because we had a terrific battle with old-line Members of the Congress who were inundated by the military, by the top brass, by the fact if you do more, you will impair the military readiness. That is a fact.

We met that continually. We met that from the Navy. We met that continually, and that program of interdiction has been nothing more than window dressing. When I hear you saying you really think we are committing adequate resources to the war on drugs, and that is the essence of your remarks, Mr. Secretary, I am pleading with you to please reevaluate it. Look at it again.

Secretary WEINBERGER. We do it constantly, but I cannot characterize the extremely effective work we are doing as window dressing.

Senator D'AMATO. I beg to disagree with you. When the best analysis indicates maybe at best we interdict up to 10 percent, we see a 2,000-percent increase in terms of that which we have been able to interdict in New York and that comes basically by way of customs and not when we have the Coast Guard which is just as concerned with making the arrest and does not have any authority in terms of prosecution, and I can cite you case after case when this is taking place, I tell you our efforts are ineffective, minuscule, and you are really not up in terms of what is taking place in this country.

You can tell me about the force structure of the Soviets. I want to tell you we are losing our domestic tranquility. We are having young people slaughtered. I am tired of hearing this business that we are really doing it, but we cannot impair the readiness and effectiveness of the Navy.

The Navy, Admiral, is doing nothing. It is window dressing.

Secretary WEINBERGER. Senator, a lot of the things you cite with respect to customs and with respect to the Coast Guard are things that are done on the basis of intelligence gathered by us and furnished to them by us in a totally cooperative campaign.

No one is satisfied that the drug traffic has in any way been cured. We continue to work on it, we continue to expend whatever resources and allocations we can.

Senator D'AMATO. Will you support an increased budget allocation for defense for both the Navy and other carriers to be involved?

Secretary WEINBERGER. I am pleading to give us the allocation requested from which there will be effective and adequate resources allocated to drugs. You are talking about budgets that cut us in the Senate by $20 billion and in the House $35 billion.

It is difficult to carry out all the priorities we have when totals are reduced as drastically as some of your colleagues are talking about.

Senator D'AMATO. I understand that. I have been supportive of increased funding, and I will continue to be. But, I believe we have to make a greater effort. It simply will not do to send out a naval task force on a one-time basis to interdict at a 3- or 4-week period and say what a wonderful job we have done.

Secretary WEINBERGER. It is not one time. It is a daily affair. I think you are denigrating the accomplishments of some very skilled, very brave and effective people who work on this as part of the Defense Department effort.

Senator D'AMATO. I do not denigrate the people who are out there. I am simply saying there is not enough commitment. I beg to differ with your analysis of the situation.

I would ask you to take a look at it closely, Mr. Secretary, and to ascertain how many Coast Guard personnel are being tasked and how many ships were used yesterday and the day before. I think you will be startled to find it is a very, very limited number.

Secretary WEINBERGER. We do have disagreement on it, and we do need more funding.

Senator D'AMATO. Will you look into it?

Secretary WEINBERGER. Of course. We will send you a daily observation with or without a hearing.

Senator D'AMATO. Mr. Secretary, why don't you look into it and see how many Navy ships are used today and how many people are being involved today and last week and the week before?

Secretary WEINBERGER. I also would want to look at the output which they had, which is very significant.

Senator D'AMATO. I appreciate that. If you do, you will be startled to find it is not the commitment that maybe you think is being undertaken.

Secretary WEINBERGER. I try to keep fully posted on it.

Senator STEVENS. Senator Proxmire.

Senator PROXMIRE. Thank you very much, Mr. Chairman.

I would like to add to the happy congenial atmosphere. [Laughter.]

Secretary WEINBERGER. I can hardly wait, Senator.

EXCELLENCE OF MILITARY PERSONNEL

Senator PROXMIRE. I mean that. I was delighted to hear Admiral Crowe mention the excellence of our military personnel. I congratulate you on that. I think it is a very important achievement and one that is overlooked. It is a huge part of the budget that the committee is going to have to provide for.

As I understand, personnel is 45 percent of the budget. It is far bigger than procurement. It does not get that much attention. The achievements have been astonishing and not sufficiently recognized. This is a point where I think we are superior to the Soviet Union.

Admiral CROWE. That is true.

Senator PROXMIRE. I want to say a word about that. The training, the experience, our pilots have more time flying, our naval personnel have more time at sea, the land forces have more land exercise time.

What impressed me this year is when the services came in and gave us statistics on the drop in alcohol use, drug use, and AWOL's, showing it by statistics that were very impressive, all positive, and indicating that we have the best personnel ever.

Personnel, in my view, is at least as important, perhaps more important than the kind of weapons you have. You have to have the weapons, but you have to have the people to maintain them and operate them. I think that is an element of strength compared to the Soviet Union which is weaker in this respect.

Secretary WEINBERGER. I must say the atmosphere has improved markedly. Senator.

Senator PROXMIRE. Hold your hat. [Laughter.]

DEBATE ON SDI

Richard Perle recently said Star Wars' immediate goal——

Secretary WEINBERGER. Oh, dear.

Senator PROXMIRE [continuing]. Is not for the defense of the Nation as a whole, not every city and person in it, but defense of America's capacity to retaliate.

Paul Nitze responded to that statement by saying, "I know for a fact that the Perle statement is contrary to the White House view of the matter."

Mr. Secretary, who is right, Perle or Nitze?

Secretary WEINBERGER. I would like to hear the whole statement, if I could, Senator. The statement you quoted from Mr. Perle concerns our ability to retaliate; was that the full statement?

Senator PROXMIRE. "SDI's immediate goal, Star Wars' immediate goal, is not defense of the Nation as a whole, not every city and person in it, but defense of America's capacity to retaliate."

Secretary WEINBERGER. I would say to you that the purpose and the goal of the President in strategic defense is to have as reliable and as effective a defense as we can possibly have against incoming Soviet missiles. It is to be able to destroy them outside the atmosphere of the Earth and it is to be able to destroy them, if we possibly can, by nonnuclear means and to do it before they get near any target.

Incidentally, of course, that will help very much in protecting everything in the United States and everything in Europe, because the system is designed also to be effective against intermediate-range missiles.

So, when you are talking about incidental effects, or anything of that kind, of course, it will have that incidental effect. The purpose of it, the President's purpose, is to have a system that will destroy these missiles before they get to any target, outside the atmosphere of the Earth, and to destroy all of them and not just any that may be headed for specific targets.

The strategic defense has a much broader goal and purpose and really basically a far more noble purpose in the sense that it is trying to free the world from the shadow of these terrible missiles which has hung over us since they were first developed.

Senator PROXMIRE. I am not sure I have a clear understanding now of what is the position of the Department. Dr. Frederick Ikle has been quoted as saying, "The initial capability will help protect the deterrent forces," the deterrent forces.

Secretary WEINBERGER. The key word is "initial."

POINT DEFENSE AS FACTOR OF SDI

Senator PROXMIRE. You say point defense is not what SDI is about?

Secretary WEINBERGER. That is a compatible statement. He is talking about the fact that as we develop the system, it may be that we will seek, since it is a layered system in which we are trying to get the ability to destroy Soviet missiles at the point they leave their silos—if any are missed there at the point of separation and at the point of flight—to get them at the terminal point.

Dr. Ikle is talking about the idea that it may be desirable, depending on where the research brings us out, to deploy the system in segments. If the terminal phase is the first phase deployed, which I would not really favor, then you would have a situation in which you would have these twin objectives reached.

But the purpose of the system, the whole thing we are working for, the thing for which research funding is requested, is to get a system that is so reliable that it can destroy Soviet missiles before they get into the Earth's atmosphere, before they get near any target, before there is a terminal phase, so you do not even reach site defense.

Senator Proxmire. Perhaps I am misinterpreting your statement. I understand you to say that maybe for several years after SDI is deployed, its purpose will be to defend our deterrent forces and gradually get to the point to build up where it can defend our cities?

Secretary Weinberger. That is not correct. Its purpose will never change. The execution of that purpose may come in stages depending on what, 10 or 15 years from now, Congress decides and whoever is President decides.

We want to be able to develop a fully effective system, and the most effective place to destroy these missiles is as they emerge from the Soviet silos. We are going on the possibility some may be missed there. We want another layer that will destroy whatever are left at the separation phase, and so on.

We are not talking about anything that ever changes the basic purpose. You have statements, which I grant you can be confusing, if you do not take them in the full context—that is why I wanted to hear the full context—that can lead you to the erroneous belief, which you have expressed, that a purpose is to protect the sites or deal only with the terminal phase or with that first for many, many years. That is not the case.

I would personally very much hope, and I am trying to direct the research so that the first phase deployed can be that which reaches missiles as they come out of the missile silos. That is the part I would like to see come first. That is the reason the research is expensive.

EFFECTIVENESS OF SDI SYSTEM

Senator Proxmire. I understand your objective is a fully effective system that will stop the Soviet Union from being able to strike either our cities or our weapon systems; is that correct?

Secretary Weinberger. I thought you were doing extremely well until the end.

The purpose of the system is to develop a fully effective system that will destroy Soviet missiles outside the atmosphere of the Earth before they get to any target, and to do it with intermediate-range as well as intercontinental missiles.

Senator Proxmire. You are confident we can destroy all the incoming missiles?

Secretary WEINBERGER. I am confident we can do that. I recognize there may be something less than perfection achieved, but I am confident we can do it. I am completely convinced it would be very wrong not to try to do it.

I am confident we can do it because we have accomplished so many things that so many people have told us were impossible. We are also much farther ahead now than we thought we could possibly be 2 years ago.

Senator PROXMIRE. I will not debate you on that subject. I strongly disagree.

Secretary Weinberger, the President has announced he plans to go over the SALT II limits, supposedly with the deployment of the 131st B–52H bomber carrying cruise missiles. Nobody has given an exact date when we will be over the SALT II limits.

Secretary WEINBERGER. I cannot give you the exact date. We are working to modify the B–52's. We are working to get the air-launched cruise capability put into them. We are doing that now at a measured pace. A lot will depend on the success that we have as we continue to do this.

Senator PROXMIRE. Can you give us a rough date?

Secretary WEINBERGER. Yes; somewhere in the fall of the year. I cannot really give anything more precise than that. That is the time in the normal course that we see now. We can do it. It may be that we can do it more rapidly. That is essentially what it looks like now.

B–1 BOMBER PRODUCTION

Senator PROXMIRE. Mr. Secretary, there have been reports that the Senate Armed Services Committee may be adding funds to the B–1 program to continue production beyond the 100 aircraft.

You wrote me saying, "I do not envision any circumstances that would necessitate change in the current B–1 program. I am opposed to buying any more B–1B's than 100. We have no plans for the 101st B–1B, nor do we have any funds in our budget to continue the B–1B production."

Do you still stand by that statement?

Secretary WEINBERGER. I could hardly have phrased it better, myself. That is exactly our position.

5-YEAR DEFENSE BUDGET

Senator PROXMIRE. Thank you, sir. According to Defense Week, your budget planners are working on a new 5-year budget, assuming Congress will approve the full fiscal year 1987 request of $320 billion, and agree to 6-percent funding increases, three percent for inflation and 3 percent for real growth for each year through 1992.

Do you not really think these assumptions are a little optimistic and is it not a waste of time to put together a budget based on these assumptions?

Secretary WEINBERGER. We have to budget to the amount required by national security. I have been told by other committees of the Senate that I should try to sit down and estimate what the Congress would give us and budget to that figure.

I do not think that is fair to you, and it does not fulfill the responsibility I have been given. I think we have to come in, somebody has to come in, and we are the ones, to tell you what we honestly and fully believe, after the most careful study, is required.

That is what we have done in the past. We certainly have taken a lot of criticism for doing that. I would rather have that than criticism that I did not tell you what we really needed in hopes of getting some kind of amicable agreement early in the session, which I guess everyone recognizes would be a great deal more pleasant from our point of view.

We are starting this month to work on the budget for 1988. That is a long time off. We have to have certain assumptions. The President's guidance, the agreement that he had with the Congress, was that there would be 3-percent real growth.

Obviously, when the Congress does not vote that, we change the whole thing. We do have to bring to you what we urgently believe is necessary and that is what we try to do.

FUNDING THE DEFENSE BUDGET

Senator **Proxmire.** Mr. Secretary, you are an extraordinarily intelligent man and I think you must understand when we have a situation where the President is asking for this kind of military spending and he says, "There will be no tax increase, make my day, pass the tax increase and I will veto it," you are in a position where all we need is first grade addition and second grade subtraction to see it cannot be done.

Senator Domenici has made it so clear. Many, many Members of the Senate on both sides of the aisle recognize that is a fact. It seems to me the President has to give somewhere on this situation if we are able to go ahead and provide anything close to what you are asking for.

Secretary **Weinberger.** I go back to what Admiral Crowe said in the beginning, this Nation can afford to do what it has to do. We are fulfilling, we believe, our responsibilities and it is not easy to do it. It would be a lot easier to tell you we can get along with nothing or less than nothing, or whatever.

We are fulfilling those responsibilities by telling you our belief from the point of view of the people who work on these matters all year round, and only these matters, that this is what the country needs.

Obviously, it is within your province and within your purview to look at that and fit it together with whatever priorities you may have and others may have. I think you cannot carry out the process, you cannot be honest about it if somebody does not bring to you the amounts, as far as we can tell after the most careful examination for 18 to 20 months, that we believe are required year to year.

That is what we do. If I came to you and told you that we really do not need any kind of growth. that we have had a 6-percent decline this year and we can get away with a 10-percent decline next year because that will help balance the budget, I would be giving you very false and very misleading and very dangerous information and you would not have anyone then, I believe, who would come and tell you what is required.

So, you would start your whole consideration from a false premise. I think you should start it from the consideration of the amounts that we believe, the President believes, are required and the only way we can try to do that is the very best efforts looking at the threat, translating that into what needs we have.

Then if you disagree with the priorities, that is certainly our constitutional system and your privilege and your purview. Somebody has to tell you what is needed, sir. That is what we do.

Senator PROXMIRE. My time is up, Mr. Secretary. It seems to me that there is no way you can resist the logic of requesting a tax increase.

Senator STEVENS. Senator Rudman.

PACIFIC THEATER

Senator RUDMAN. Thank you very much, Mr. Chairman.

I will try to continue the congenial and tranquil atmosphere this morning. I will observe to the Secretary and to the chairman what is most remarkable about this hearing this morning is the Senate has been in session until midnight on Monday night, 1:30 a.m. on Tuesday night, 2 a.m., this morning. Even with this little rest, we have managed to have a very active hearing this morning. I would hate to think what we would have if everybody had had a full night's sleep.

I am glad the chairman is here because I want to talk about things that really involve the Pacific. I remember sitting with the Chairman when he was CINCPAC on a nice afternoon in Hawaii on his back lawn. I suspect you would like to be back there.

Admiral CROWE. Every afternoon is nice in Hawaii.

DEFENSE CONTRIBUTIONS OF JAPAN

Senator RUDMAN. I want to talk about the Japanese and their contribution. I want to go to your own report. The report, of course, is secret that you gave the Congress in March 1985, but there are portions of it which are not. I want to make that clear because those same portions are contained in this report put out by the Congressional Research Service, some of the same statistics which are not classified.

The Japanese have consistently been 15th or 16th in their contribution of all our allies. As a matter of fact, the most striking statistic is that the average NATO per capita expenditure for defense from 1979 through 1984 has ranged from $434 to $537. The Japanese expenditure has been from $87 to $105.

Mr. Secretary, you in a statement in Japan in a December 1982 broadcast to the Japanese people urged very correctly, you have been trying very hard to get them to do more to extend their defense of their sea lanes and air space out to a distance of 1,000 miles.

Although the Japanese have made progress, the progress has been modest by anyone's measure. The fact that they had a 7.8-percent increase the year following your visit really does not cut it as far as I am concerned, because they are the nation with whom we have the greatest imbalance of payments.

They have the second largest GNP of the countries we are talking about. They have the greatest level of prosperity of any country in the alliance, including ourselves, and they continue to give lip service to meeting their target which I think is too low.

WESTERN PACIFIC DEFENSE FUND PROPOSAL

This is a long way of saying that I am probably going to propose what I would describe as a modest legislative initiative, more modest than the one I proposed to the Congress last fall with two of my colleagues, which I would refer to loosely as the Western Pacific Defense Trust Fund.

I would take the difference in dollars that they are supposed to spend and those that the American taxpayer is spending and put it into this trust fund, and the source of revenue for the fund will be an import fee on Japanese products, probably a very low figure considering the number of products they send here.

That money will go to the Defense Department to help discharge their Western Pacific responsibilities that they are not doing for themselves, not unlike what we do in New Hampshire, when a community is unable to supply its own police protection, the neighboring community that supplies it is recompensed for the difference.

Now, I want to have absolute support for my Western Pacific defense fund which will give the Pentagon more money to give Admiral Crowe what he needs to support those forces and get the Japanese to pay what the American taxpayers are now paying for them.

I wonder if you will come up here and help me get that bill through?

Secretary WEINBERGER. Anything that would result in additional needed funding for the Defense Department would be most welcome. We do want to look at the source of it and also the effect of it on a very important ally in a critically important part of the world.

I think we should have some facts before us when we do that. I certainly do not want to discourage you in your efforts, very praiseworthy as they are, to get us additional funding.

The point you have to bear in mind about the Japanese budget—and I have told them many times, they should do more, as I mentioned here from time to time, we should do more—one problem is a constitutional provision which is widely known, for historical reasons and with very considerable justification. It limits them very substantially in the amount of any kind of military activity they can have.

You are quite correct, I did urge, and I have to say in all modesty, successfully, although others were clearly involved, that they expand their defensive role and they did do that.

They also expended the funds that they allocate to those defensive roles. They cannot have any kind of offensive force, and that accounts for a great deal of the difference in the figures you have correctly quoted.

I think that they should and can do more in achieving those goals of defending the home islands and the air space around them and sea lanes out to 1,000 miles. Those are the goals we urged them to accept. They did so, and that formed what might be called almost a revolutionary change in Japanese defense policy.

It is one, oddly enough, which even occasions some worries among some of the Pacific neighbors who have very long memories. Nevertheless, they are embarked on it. They are moving more slowly than we would like, and we are moving on our program more slowly than we would like.

It is important we take the most effective measures to bring about an increase in their allocation of resources to defense. The temptation is, from time to time, to take measures that might not be as effective as persuasion.

We believe the persuasion that we have done now, that I have been engaged in for 5 years—and usually very quietly, with their officials directly and not in the form of press conferences—has been effective. I think they are doing far more than anyone thought they would a few years ago.

You and I are in full agreement that the world situation may not allow a measured pace. My worry is that if we take forceful measures—obviously, I have not seen your proposal, I am not commenting on it specifically at all, and it may not have any of the problems I am mentioning—but if you take forceful measures, you can get a totally adverse reaction in which they give up these expanded defense goals which they have to have and they have adopted and they are fulfilling. It might have the opposite result of what we want.

Those would be the things we would want to look at with respect to a measure of that kind.

DEFENSE EXPENDITURES UNDER JAPANESE CONSTITUTION

Senator **Rudman**. I appreciate your very serious reply because this is a very serious proposal. The fact of the matter is that I agree with your statement that measured, gradual growth in response at this time may not be enough in terms of expenditures we have.

I point out that the Japanese Constitution does not limit expenditures. It limits the use of those expenditures.

Secretary **Weinberger**. That is correct.

Senator **Rudman**. I must say, by any measure when you take the economies of most of our allies and compare them with Japan, they are not robust compared to their economy.

Here we have 5-to-1 per capita contribution and we are talking about Western Pacific defense. I might also add, Mr. Secretary, that the U.S. Navy has done an extraordinary job in protecting sea lanes in the

Indian Ocean and in the Mediterranean, which in many ways in terms of resources for countries, is more important to Japan than it is to the United States and we are paying for that.

Secretary WEINBERGER. One of the reasons we have urged Japan to expand their own protection out to 1,000 miles is to free the Navy to do other tasks that are, as you say, of critical importance. The point you made is that the Soviets are adding more military strength, naval and air strength, in the Pacific than any other part of the world.

It is a critically important part of the world for us. I am not saying what you are talking about is not in any sense important or not high priority.

What I am interested in is effectiveness. I would like to see something that would increase both our own resources allocated to necessary defense as well as Japan and many other countries. These are efforts we make constantly. It is just a question of how you best accomplish this.

SOVIETS AS MARITIME NATION

Senator RUDMAN. Mr. Secretary, there is no question the Soviets made a conscious decision 10 or 15 years ago to become a maritime nation. Anyone who studies intelligence and sees what they are doing knows this to be true. Much of the deployment will not be in the Pacific, and some of it is out of Cam Ranh Bay which we built.

Their deployments in the Western Pacific are troublesome. I do not think the American people are going to be particularly pleased with the United States continually contributing a disproportionate share of Western Pacific defense.

I just want to say I believe I can put together a case before this Congress that will be irresistible and difficult to vote against. This is not protectionism in any way whatsoever. This is saying that if you want the U.S. Navy and the U.S. Air Force to do your work for you, then you pay for it.

Secretary WEINBERGER. There is only one point I think we should make. It is that I would hope that there is nothing in what you would plan or what would eventually come out of this that will in any way weaken the U.S. ability to protect itself by forward deployment.

What we do in the Pacific is not altruistic. What we do in the Pacific is defend ourselves from the most effective forward positions we can find. Any help we can get for that is vitally needed and vitally important. That is why we do urge the Japanese and all our other neighbors to do more than they are doing, to do as much as they can. They should do it.

It is vital that we be there, not just because we are doing something for the Japanese, which we clearly are, but we are doing something for ourselves that is vitally important.

DEFENSE EXPENDITURES AS PORTION OF GNP

Senator RUDMAN. I understand that, Mr. Secretary. Obviously, this is not a punitive measure. It may well be that there is an easier way to furnish those forces than is politically possible within the Japanese political system itself.

I want to make an observation. You had some interesting charts, including one that showed defense expenditures as a portion of GNP for 1950 vis-a-vis 1986. I want to give you one statistic which is a sobering one as one who has tried to support the defense buildup from the day I got here.

If you look at the 1986 budget, and consider defense, social security, Medicare, and interest on the debt, you will find that what is left for the rest of this Government, and that is everything, is approximately $180 billion.

That is the point that Senator Proxmire is making. I agree with Admiral Crowe. This country is strong enough and rich enough to pay for whatever it takes to defend ourselves. The distinction that seems to escape some people is that we may have to pay for it.

Thank you.

Senator STEVENS. I serve now on the Commission on the Constitution. Recently the Chief Justice said to a group of students they need to come to Washington to see the protest signs and see the Constitution in action.

I think you may have seen it this morning here a little bit because as chief officers of our executive branch for defense, you two have been exposed to questioning by those of us who are in the legislative branch totally consistent with the First Amendment of the Constitution, I think.

We thank you for your patience.

I want to get to what I call the nitty-gritty of this budget, because my first wife used to say you cannot stay very healthy if you let someone else eat your lunch.

The difficulty is that we have protested, as I said, the ramping up of production of several of the major systems of the Department. Originally the program for this period showed that we should have a production rate for tanks, for instance, the new tanks, at 640. We went up to 740 and then to 840 and we have maintained the production rate of 840.

Your request this year is for 840. On the attack submarine the original request was for one a year, then you went to two, and then the Congress put it up to three and then four. We have had similar increases in terms of most of the items on the production lines.

It appears to me that our defense bill is becoming a jobs bill, that we are oriented toward how much production can we assure in one State or another in order to maintain employment. I am very serious on this.

What can we do to get these production limits down to the point where we can afford some of the new systems that you want and I think we need?

U.S. TANK PRODUCTION

Secretary **WEINBERGER.** Senator, that is a very good and very important question. Bear in mind that our original request, I think it was 2 years ago, was for 640 tanks. We thought this was not as much as we needed in view of the fact that the Soviets turn out 3,000 a year and we were just getting this new tank into production after 20 years or more, but then Congress took it up to 740.

We then requested 740 in the year after that and the Congress took it up to 840. I suppose you could say we took the hint that this was something Congress very much wanted and we came in at 840. We came in at lower figures because we had other priorities.

With respect to the submarine, we came in at one a year and Congress took it up to two and subsequently higher.

There is a lot of talk about how we should have more than 100 B–1's. We do not want more than 100 B–1's. We have completed that program. There will be, I predict, increasing pressure during the year that we have more and more B–1's, at a cost in other things that ultimately will be far more effective.

So a lot of this does result from individual pressures based on the fact that the defense budget does have a huge employment impact, there is no question about it. It is not a jobs bill. We should not do any of these things because they happen to benefit the economy or certain segments of the economy, but the fact is they do.

That tempts a lot of people to skew the priorities toward the economic benefits as opposed to the military necessities. We resist this wherever we can.

Senator **STEVENS.** The total employment will not be less. It is a question of where the employment is, the way I see it.

Now, you have 10 major conventional force programs that transition from full-scale engineering development to annual procurement in the next 3-year period.

Secretary **WEINBERGER.** Yes.

AMRAAM

Senator **STEVENS.** The AMRAAM, advanced lightweight torpedo, vertical launch ASROC, AQUILA RPV, LANTIRN, C–17, T–45 trainer, Army TACMS, V–22 tilt rotor, and the SSN–21 which has been mentioned here. Those require literally billions of dollars.

The C–17 is $34 billion, AMRAAM is $7.5 billion. We do not know what the SSN–21 is. It is at least $1 billion per submarine. TACMS will be $1.5 billion. The V–22 somewhere around $30 billion.

My problem is, how can we possibly transition these programs now if we cannot resist, if we do not resist the urge to increase the production lines of existing sytems?

B–1 BOMBER

Secretary **WEINBERGER.** You are right, sir. We need to resist that pressure. The B–1 is the most visible example. It is by no means the only one. It is usually attributed to the Department of Defense's voracious appetite.

The fact is we do not want any more B–1's. There are a lot of people who say you have to have more B–1's. Primarily it is for economic reasons. We do resist to the greatest extent, and to the extent of our ability, these demands.

We do need to move to these new programs. They all have the approval of the Congress. They are all in beginning or intermediate stages. You are quite right that they are now coming to the point where it is time to increase the allocations if we want to deploy them.

The decision was made some years ago that we should deploy them if they can be developed. They are now being developed, and they will cost more money. That is why we try to follow the priorities that we set 3 or 4 years ago and resist attempts to skew those priorities simply because it has a good economic impact in certain parts of the country.

INCREASED PRODUCTION IN F-16 AND F-18

Senator STEVENS. We have a request pending before us this year for an increase in production rates of the F–16 and F–18. Those increases are 260 F–16's and 120 F–18's. In view of the budget problems that you and I both lament, I am told the resolution will come out even lower than either one of us expect, both in terms of budget authority and outlay.

Do you think we can afford those increases?

Secretary WEINBERGER. We cannot afford the number of planes you mentioned if the budget authority is taken down to the extent that we have been talking about or, as you just said, below that.

We will have to stop a great many very necessary things. It will make them more expensive because stopping them does not change the need for them or change the requirement for that kind of capability.

Senator STEVENS. I agree with you on that.

Secretary WEINBERGER. You are right, with the reductions we are talking about, we cannot do anything before you in our original plans or very few of them.

Our plea is not to do anything that interferes with the Strategic Defense Initiative or with the strategic modernization, and we hope nothing that interferes with the enormous success of the volunteer program by tampering with or reducing benefits.

MILITARY PAY RAISE

Senator STEVENS. You requested a 4-percent military pay raise in the President's budget.

Secretary WEINBERGER. Yes, sir.

Senator STEVENS. The Senate budget resolution reduced that to 2 percent.

Secretary WEINBERGER. Right.

Senator STEVENS. I understand the Senate Armed Services Committee is considering raising that to 4 percent notwithstanding limitations in the budget.

Incidentally, they can do it and not be subject to a point of order. Were we to fund that, we would be subject to a point of order.

Secretary WEINBERGER. We hope it can be funded, Mr. Chairman, because in past years we have not fully funded the pay raises, which we pledged would be maintained at inflation levels, even though those are far lower than previously.

There is now a gap of 8.3 percent. The 4-percent increase would not close that, but it would prevent it from getting larger. If you go down to 2, then that gap will widen and we will get ourselves back in the situation we were in 1980, when which the gap was so large that people were leaving the services in droves.

People do not join the services to make money, but they do have to be treated fairly and perceived to be treated fairly.

Senator STEVENS. I asked the GAO to study comparability of military pay to civilian pay on comparable age, educational attainment, and sex, without regard to some of the military allowances, by the way.

The GAO replied that military compensation is 17-percent higher than civilian counterpart personnel and not just in the Department of Defense, but civilians, in terms of age, educational attainment, and sex.

I understand that you are going to dispute that, but every dollar of increase in military pay this year spends out 98 to 99 percent in terms of outlays.

Secretary WEINBERGER. That is right.

Senator STEVENS. The procurement dollar on the average is about 14 percent. So, to the extent that we increase the pay this year, the 2-percent pay raise would be $979 million, 4 percent is $2.6 billion. The $2.6 billion reads out to be almost $2.5 billion in outlays. We have an outlay problem.

It will cut out seven times that much in procurement in terms of strategic modernization and military upgrade of the system we need.

Secretary WEINBERGER. Senator, unfortunately those statistics are exactly as you cite them. The problem is that we do not believe we should construct our budget on the basis of which outlay is faster or slower. We do feel that taking care of the people who do these very dangerous tasks for all of us has enormously high priority.

Comparability studies are very hard to utilize anyway, because it is very hard to measure in functional terms the cost of being away from your home or your family a large part of the year, being called on to give your life at a moment's notice, being called on to go anywhere you are directed to at a moment's notice.

These are intangible things, if you will—very tangible when they happen, but they are hard to measure.

CIVILIAN EMPLOYMENT IN DOD

Senator STEVENS. I do not disagree with that, Mr. Secretary. But there are some other things you could do. For instance, since 1982 civilian employment in the Department of Defense has increased 100,000, 10 percent.

In that same period of time, looking at just 1982 through 1985, the civilian employment in Europe associated with NATO increased 52 percent. The cost of that increased civilian employment is double the amount of your pay raise.

As my first wife and I used to say, don't you think somebody else is eating the military lunch right now?

Secretary **WEINBERGER.** We are making reductions in the civilian employment to the greatest extent we can. We cannot show negative totals from year to year.

Senator **STEVENS.** Why should there be five times more civilian increase in Europe than in the United States?

Secretary **WEINBERGER.** Because there are a great many things deployed in Europe that need servicing. We try to allocate to the civilians more tasks that were formerly allocated to the military.

Senator **STEVENS.** I am sorry to say I have to leave to vote. I will be back shortly.

[Recess.]

Senator **ANDREWS** [presiding]. Senator Sasser.

Senator **SASSER.** Thank you, Mr. Chairman.

JAPANESE DEFENSE REQUIREMENTS

I want to follow with an additional comment on a subject that Senator Rudman raised.

I might say the Secretary alluded to those in the Far East with long memories who might have some reservations about seeing Japan rearmed too fast too much. I suppose I have somewhat of a long memory in that regard also.

I think the Japanese could do more in many areas. For example, I wear the hat of ranking member of the Military Construction Committee. We are constructing very expensive facilities in the Middle East to protect the Persian Gulf oil moving out of there. The last time I looked Japan was getting 90 percent of their oil out of the Persian Gulf. We were getting somewhere between 5 and 8 percent for our consumption.

So, I would suggest that the Japanese could do quite a bit in sharing construction costs for facilities to maintain the fleet and our military power in that region. I think that is one place, Mr. Secretary, in your discussions with them that might be a fertile field to explore.

SAFETY AT VANDENBERG AFB, CA

Let me turn, if I may, to another question which is more narrow in scope, which I think does have very broad policy implications. Just this past weekend I visited the shuttle launch facility at Vandenberg Air Force Base. I returned and wrote you a letter regarding my findings Monday, Mr. Secretary. I would not be surprised if you have not had an opportunity to review that letter yet.

One of the first problems that I encountered at the space shuttle facility at Vandenberg was the issue of safety. Now, the Air Force quite rightly states it will never launch a space shuttle until it can be done safely.

However, the Air Force was preparing to launch a shuttle from Vandenberg in July of this year. Now, I doubt very seriously if that launch would ever take place because, quite frankly, it could not be done safely.

There are a number of problems at Vandenberg. Probably the most prominent is the question of hydrogen overpressure which develops in the 270-foot-long exhaust duct which exhausts the gases from the main engine of the orbiter itself, the problem of hydrogen building up there when the oribiter's engines are shut off which could result in an explosion which would damage the rear of the orbiter, or even worse.

There are other problems. But, obviously, the Air Force is going to end up taking the top off this so-called exhaust duct, giving it the same treatment that NASA has given their exhaust duct at Kennedy Space Center. This is going to mean there cannot be any shuttle launches there until July 1989 if they follow this approach, according to the briefing that I received from the Air Force.

Mr. Secretary, there are other problems with that shuttle launch facility at Vandenberg. One is extreme icing on the main tank; there are high winds at Vandenberg, fogs that traditionally last until 10:30 or 11 o'clock in the morning, low temperatures, all combined to contribute to excessive ice buildup on the plane booster tank which increases dramatically the weight that might have to be lifted aloft.

The Air Force has jerry-rigged a heating system using a jet engine to try to take some of the ice or fight the ice buildup.

Another problem is pad stiffness, building a launch pad almost identical to the one constructed at Kennedy. However, the geological underlay is dramatically different, so you end up with a pad that is overly stiff. The Air Force has tried to install springs in this pad. There is no assurance that these are going to work.

The fog itself would mean many times when the shuttle is launched there would be a period of 2 to 3 seconds or longer when the shuttle's only escape would be to land there at Vandenberg and that runway would be obscured by fog.

Last, the issue of the filament wound casings in order to achieve a polar orbit, which is necessary for military satellites to get maximum coverage. This would require using filament wound casings because the steel casings which failed at Kennedy Space Center simply are too heavy, given the throw capability there, to get the heavy military satellites into orbit.

There is some fear that these filament wound casings will distort and bend on takeoff causing danger to the shuttle crew.

SHUTTLE LAUNCH FROM VANDENBERG

Given all of these problems, Mr. Secretary, the uncertainties surrounding this shuttle launch facility at Vandenberg, do you think it will ever be safe or advisable or cost efficient to try to launch a shuttle from Vandenberg Air Force Base to be used for military purposes?

Secretary WEINBERGER. Yes, sir; I think it will be. We have looked at many of the points you have made and we have made many changes to deal with some of the problems you correctly raise.

The point is that in order to get the angle of incidence and the proper positioning for some of the military payloads, it is essential to use a facility in that area. Already over $2 billion has been spent on that facility.

Senator SASSER. To be precise, $2.6 billion.

Secretary WEINBERGER. Right. I think it is essential that we do everything we can to utilize that area, because we have to—we have to launch from there. We cannot do it all from Kennedy without serious loss of the needed capability.

I also think a lot of the problems you have mentioned have been or are in the process of being cured. The weather is, as we say, not optimum every day or every hour, but there are many days of each month when there is not fog. It is possible, as we know, particularly with the kind of military payload we have, to adjust the launch until you get the proper weather.

You are quite right that we would not launch this July, because we have not yet had the assurance that the redesigns necessary to bring additional and proper safety to the shuttle have been achieved. That is a very serious loss to us.

Obviously, we do not have the slightest interest in launching until we are assured that redesign is complete and there is a safety factor.

On the filament wound solid rocket booster, again how we get the payloads into the air is obviously a vital part. It is something which we rely completely on NASA to do. If NASA tells us that these filament wound casings are not safe, are distorted, as you say——

Senator SASSER. Mr. Secretary, if I could interrupt you right there and move on to what I think is a broader policy question.

DOD RELIABILITY ON NASA

You say that you rely on NASA as to whether or not these filament wound casings will work. My fear is that the Department of Defense has been forced to rely too much on NASA.

The administration has forced this shuttle upon the Air Force, and I think wrongly, shut down the production of expendable launch vehicles which could be used to get these heavy military payloads into orbit from Vandenberg Air Force Base on the west coast.

Fortunately, this subcommittee approved a program last year which you are aware of which started production of the complementary expendable launch vehicles.

Secretary WEINBERGER. That is right.

Senator SASSER. I think that this decision, given now the shuttle failure and given the thinness of our ability to get these very vital national security satellites into orbit, was probably one of the most important decisions that this subcommittee has made in some time.

Secretary WEINBERGER. We are in full agreement. We made the point repeatedly that we could not rely on only one means of launching, that it was absolutely vital to have redundancy for a number of reasons. Nobody foresaw the tragedy of *Challenger*. We did feel we had to plan for redundancy as we do for everything. We were strongly supportive of that decision and still are.

TITAN FAILURE

It is true, however, that some military payloads at the moment can only be lifted by an orbiter. We are working on redesign. We are hoping to find the cause of the Titan failure which agains was a very unfortunate——

Senator SASSER. I think clearly that Titan failure was not a design failure.

Secretary WEINBERGER. I agree.

SUCCESSFUL HISTORY OF TITAN MISSILE

Senator SASSER. As opposed to the failure that occured with the *Challenger* which was a design failure which contributed significantly to it. We had dozens and dozens of successful launches of that Titan. I think that is a technology and a design which is well proven.

That may have been a quality control problem this last time. From what I understand, hopefully, this is an isolated incident and not a design problem that will require extensive reworking.

If I would make this point with you, Mr. Secretary. Now, you said we may have to redesign some military payloads because they are designed for the orbiter. Now, the complementary expendable launch vehicle, the cargo bay on that will be interchangeable with the cargo bay on the shuttle?

Secretary WEINBERGER. Yes.

Senator SASSER. Using the figures, the dates that I gleaned this past weekend out of Vandenberg, it became clear to me that the CELV will likely be able to launch polar orbiting missions from Vandenberg in April 1989. This will be actually 3 months before a possible shuttle launch.

Now, if we can get these vital military cargoes into orbit using the CELV from Vandenberg on the west coast, then why not go ahead and save the money and put this shuttle launch facility out there at Vandenberg into the strategic reserve?

By the Air Force's own calculations—they are not eager to put them in reserve, as I am sure you know—by their own calculations, they would save $1.6 billion over a period of 5 years. If we find later we need this shuttle launch capability there, we can bring it back on line in the mid-1990's and utilize it.

In the interim, we save $1.6 billion and we may find if we use the CELV's to put our payloads into orbit from the west coast, that we will not need to build a fourth orbiter and that would save us another $2 or $3 billion and we may find that we will save ourselves about $5 billion and have a much more dependable means of putting our military payloads into polar orbit.

Secretary WEINBERGER. We are in full agreement with many of the things you have said. Our driving necessity and problem is to get the very important military payloads launched. The CELV, as well as the ELV, were all options we have supported.

We are looking very closely at the savings that I believe we reported to you could come from temporary standdown of the launch at Vandenberg, once the problems we have identified are completed. That kind of savings, I think, is possible to achieve. We may very well want to recommend and agree to that course.

It is vital that we get this capability back. That is why we were very pleased that the joint conference on the urgent supplemental has funded the multiyear procurement for the CELV. I think it is very important to have it.

I agree also about the Titan—I happen to think these were something other than design problems. We have had something like 48 successful launches without a single failure until that happened. We are very puzzled as to why in the space of 4 months we would have three failures of at least two systems, including Delta II that has worked so well for so long.

On the need for a future orbiter, our point on that is that we simply have to get the payloads up and we are entirely amenable to doing it in the most effective, but I have to emphasize the quickest, way possible.

Senator SASSER. Thank you, Mr. Secretary.

REENLISTMENT

Senator ANDREWS. Mr. Secretary, one brief question.

On those charts before we got into NATO, you showed reenlistment. As I understand it, the Air Force was 60 percent, the Navy was about 50 percent, the Army was 40-odd percent, the Marines down to 30 percent.

Why are the Marines the lowest?

Secretary WEINBERGER. Percent of reenlistment, you are talking about?

Senator ANDREWS. That is right.

Secretary WEINBERGER. Thirty-five percent reenlistment in the Marines in 1985, 39 percent reenlistment in 1984.

Senator ANDREWS. It is the lowest of the four services.

Secretary WEINBERGER. Yes; the Marines have very exacting standards. The Marines simply do not require a high first-term reenlistment rate to meet their career force needs.

They have a somewhat longer period of initial enlistment than at least one of the other services. They have people coming in with a very high degree of education. Ninety-seven percent of the new entrants have high school diplomas so far this year.

Senator ANDREWS. That is right. That is what is surprising me because they are much more selective in their recruitment procedures. Since they are the most selective of the four services in recruitment, you would think their retention would be relatively high. That is why that figure surprises me.

Secretary WEINBERGER. Bear in mind, sir, that some of that figure results from the fact that the Marine Corps does not recommend the reenlistment of some of these people if they do not, in effect, meet the standards during their first term. I do not know the frequency of it. More importantly, the Marine Corps does not need a higher first-term reenlistment to meet its requirements.

We can certainly get you all of the explanations that we have based on interviews with the men themselves, and so on.

Senator ANDREWS. Any additional information you can give us on that, we would appreciate.

Admiral CROWE. We will provide it for the record.

[The information follows:]

MARINE CORPS FIRST-TERM REENLISTMENT

Each of the services has a unique force structure which defines its enlisted grade pyramid. The percentage of billets in the top five enlisted grades (E5 through E9)—a DOD measurement of force career content—is lower in the Marine Corps than any other service. Since the Marine Corps top five management target is 31-plus percent of the total enlisted structure, it has a lower requirement for first-term reenlistment. This allows the Marine Corps to pursue a first-term reenlistment strategy aimed at attracting only the highest quality Marines for long periods of obligation (in 1985, its average first-term reenlistment contract was 4.5 years). The Marine Corps is reenlisting adequate numbers of Marines to fill its career force structure. In terms of aggregte numbers, the Marine Corps' goal for first-term reenlistments between fiscal year 1980 and fiscal year 1985 was 43,722. During this same time frame, 41,437 Marines reenlisted, or 94.8 percent of goal. So despite the relatively low average reenlistment of 32.5 percent during this time period, the Marine Corps was able to fill 95 percent of its career force requirement. The remainder of the career force requirement has been made up by accessing prior-service Marines.

OUTYEAR BUDGET

Senator STEVENS. One last question.

I am still concerned about the outyear budget. We just got notice recently that the Navy transitioned the Blue Angels from the A–4 to the F–18. My information here is that the F–18 consumes 80 percent more fuel than the A–4, has greater repair cost, and increased maintenance cost.

The M–1 tank now costs 40 percent more per mile to operate it than the M–60. The Blackhawk costs 51 percent more per hour than the UH–1. The initial results we have been provided indicate the Bradley fighting vehicle is overwhelmingly more expensive than the M–113.

My question to you gentlemen is, again, in terms of the outyears, how can we afford increasing numbers of these new systems if we face the budget reductions that we now project based on the actions the Budget Committee is taking this year?

I cannot see any way we can finance increased production rates. As I said before, I am not sure we can finance the lower production rates of these new items and maintain them at those costs.

Secretary WEINBERGER. Senator, I would disagree with at least two of the figures you give. Let me say generally without arguing—and we will supply additional data—that, first of all, these weapons are vastly more effective. They are complex and complicated, but they are vastly more effective than the systems they replace.

Also, we do look at and reflect to you the life cycle cost of the systems which includes the maintenance and all the other things that go to keep the system for the predicted number of years of its survival.

On that basis, my understanding is that even though there are higher maintenance costs than on the earlier, less sophisticated, less effective systems they replace, the overall result is a saving.

I understand perfectly the problem that you have and we have with the immediate outlay problem from year to year.

Senator STEVENS. I am talking about outlays.

How can we possibly finance the Department of Defense with the outlay ceilings we are looking at without laying off manpower?

Secretary WEINBERGER. Again, we increased manpower because we have increased the number of systems, the number of planes, the number of ships, the ground-launched cruise missiles, and the Pershings in Europe. These are things that bring about an increase in the manpower requirement. That is what is happening.

We have had major increases in defense budgeting and funding which we urgently needed over the last 5½ years. They are not just hardware. They require personnel increases. Personnel increases, as you correctly pointed out, outlay more rapidly than anything else.

Again, it is needed. It is a balanced force we have to build. It is a force we have to build against the requirements that we see. It is specific. We cannot deny any of those things. I think that it would be a great disservice if in order to bring outlays into some kind of artificial constraint, we not man the systems we have bought or we not man the positions in the world that we have to fill.

OUTLAYS

Senator STEVENS. Mr. Secretary, we are just talking here about, and I want to make sure, the figure the Budget Committee is now using for outlays is 279. CBO told us that they disagree with the OMB estimate and DOD estimate, that in the outlay associated with the President's budget there is a $15 billion, roughly, error in the outlay estimate.

If CBO is right, and we were $15 billion off to start with and now they are taking this down from our figure which was 292 and they are taking that down to 279, that is 279 based on their figures, not based on your figures, I think the outlay problems in this subcommittee are such that if we fund the manpower requests of the Department, we have to cut out every new start and we have to reduce existing production lines.

Secretary WEINBERGER. We certainly hope that is not the result. Bear in mind, sir, the varying figures that you have given illustrates the nature of the problem. Outlays are estimates, as you know. Our outlays are estimates as to what will be spent anywhere from 22 to 26 months out.

There is one characteristic about every outlay estimate I have ever seen; they are always wrong. They cannot be anything else but guesses. They are constructed, as you know, by a historical ratio or relationship of outlays to authority.

The attempt is made to talk about the rapidity with which certain things outlay, and so on. A lot of that is, frankly, manageable within the Department. It is important, I think, to bear in mind that if outlays, estimated outlays—guesses as to what the outlays are going to be—are going to drive the determination as to how much authority we have to make long-term commitments and get the most economical rate of production, we will be hurt.

Senator STEVENS. If the CBO estimate—those are the people who advise the Senate floor—if we are right, the manpower is roughly half the budget, we do not have any argument on that because it is 99 percent.

What I see is that the argument that we have is at least the $15 billion difference applies to less than $150 billion of the budget.

Secretary WEINBERGER. Remember last year we were required to use a very much lower estimate of outlays because there was a desire that the figures come out closer to the predicted totals or the desired totals. This was a Congressional Budget Office requirement.

At the time we pointed out our worries about whether or not this would come out the way it was desired. We can do some management of outlays, but it is important, I think, not to let the decision as to what authority is needed for future commitments and the most economic rate of production and acquisition—it is important not to let the outlay estimate drive that whole figure.

I understand the plight you are in with the various resolutions and all that, but we argue very strongly that the decision should be made to the extent possible on the basis of military requirement and necessity.

NATO COSTS

Senator ANDREWS. One of the reasons I asked the NATO questions a couple hours ago is because we spend three times as much to maintain that military person in Europe as we do to maintain them here at home.

As the chairman pointed out, 50 percent of the cost is in personnel. The reason I asked the question about reenlistment is because during the first enlistment we have been told we spend half the time training the individual to be a worthwhile military individual with the specialty and the rest, the second half you get them working.

If you can get them through that next enlistment period, in effect you get 3 days paying for 4. If you let them go the first time, you only get 1 day paying for 2.

Secretary WEINBERGER. We do not let them go. It is a voluntary system. We try to keep them. We have had an extremely good percentage, on the average of 50 percent with all four services.

You certainly identified the Marine Corps as being low. We will get the reasons for that.

Again, on the NATO figures I do have to dispute you, sir. The only way you make a savings by reducing the commitment to NATO and the troops forward deployed in Europe is not just to bring them home, but to bring them home and take them out of the service. That, I think, we simply cannot do.

It is also, we think, far more economical to have them forward based in Europe where a great deal of their support costs are borne by the host nations. It is far better for Europe and for us militarily.

The identification of a particular amount as being a NATO cost is very misleading. What you have to look at is what we would spend if there were no NATO. I think you will find it would be higher.

Senator ANDREWS. These are things that we are going to be looking at for quite a few years to come.

SUBMITTED QUESTIONS

Senator STEVENS. Senator D'Amato has additional questions which we will enter in the record at this point.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR D'AMATO

T-46 PROGRAM STOPPAGE

QUESTION: Mr. Secretary, do you believe the Air Force Decision to stop the T-46 Program now and restart it in 5 to 6 years at an added cost to the taxpayers of at least $900 million above the cost of continuing the program now is in the best interest of the nation?

ANSWER: The need for a new trainer remains valid, but the program is not affordable in the current fiscal climate. We decided it was more prudent to maintain healthy programs and trim troubled ones where there were viable alternatives. We must, therefore, defer the replacement of the T-37, making only minimum essential modifications to extend the service life of the current primary trainer. We cannot ascertain the exact costs of restarting the T-46 program in the future. In fact, in view of the current overrun situation, it might even result in a savings if we re-compete the procurement a few years from now.

QUESTION: In a National Security Decision Directive issued in April, the President stated that drug trafficking is a threat to our national security. One of the actions directed by the President was an, "expanded role for U.S. military forces in supporting counter-narcotics effort." How does the Department plan to implement this national security directive to meet this threat?

ANSWER: The Department of Defense endeavors to maximize assistance permitted under Public Law 97-86, particularly in terms of training execises.

For example, the support provided to the Government of Bolivia offers the U.S. Army excellent wartime training value. The sustained operation of six helicopters severely displaced from supply distribution points under austere conditions presents the realistic challenges the unit could anticipate in times of conflict.

The positioning of TACLETS aboard Navy ships offers similar training value in terms of U.S. Coast Guard and Navy interoperability under realistic scenarios. For example, wartime contingency plans call for Coast Guard ships to operate as Navy battle group assets or with other Navy platforms. Peacetime TACLET embarkation familiarizes Coast Guard personnel with Navy ship operations. Navy ship crews are required to track surface contacts in times of conflict to achieve optimum ship positioning for weapons employment. Navy ship crews are also required to track surface contacts in peacetime for safety purposes. Similar requirements exist to support TACLET embarkation of suspect drug-laden vessels.

The airlift of Bahamian National Police to drug transshipment locations in the Bahamas represents training value to Air Force special operations helicopter aircrews. The majority of air drops by drug trafficking pilots occur during night hours at remote locations over water. Air Force crews receive excellent training in the use of night vision goggles and operating in areas with little or no navigational aids, conditions that would likely exist during times of conflict.

QUESTION: What steps, exactly, are being taken to expand the military role in drug interdiction:

ANSWER: The Defense Department seeks to expand its program of indirect support as a by-product of normal mission and training activity while maintaining our high levels of military preparedness.

We are able to balance expanded support with our readiness posture through careful joint planning with law enforcement authorities. Accordingly, we are and will continue to be increasingly involved in supporting the interdiction of drugs coming into this country. We are also taking steps in countries other than the U.S. to deal with the problem at its source. These activities are accomplished in full accord with the host countries and are very effective. We intend to continue to provide support on an increasing scale consistent with national defense requirements, and to the extent we are funded to do so.

QUESTION: Under the President's directive, shouldn't the Department create an office, headed by an Assistant Secretary with authority to take necessary action, to specifically address this problem?

ANSWER: The Department of Defense recognized the need to elevate the attention given to supporting the nation's campaign against drugs in August 1983. Accordingly, the DoD Task Force on Drug Enforcement was established at that time. The Director reports directly to the Assistant Secretary of Defense for Force Management and Personnel (ASD/FM&P) ensuring that the most careful and prudent management oversight is applied to the program. In this regard, the ASD/FM&P has the requisite authority to ensure that DoD policy is adequate to address the needs of civilian law enforcement and the intent of Congress.

SUBCOMMITTEE RECESS

Senator STEVENS. The subcommittee stands in recess, subject to the call of the Chair.

[Whereupon, at 12:35 p.m., Thursday, June 10, the subcommittee was recessed to reconvene at the call of the Chair.]

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